Daily Report

Latin America

FBIS-LAT-94-120
Wednesday
22 June 1994

Daily Report
Latin America

FBIS-LAT-94-120 *22 June 1994*

CONTENTS

NOTICE TO READERS: An Ω indicates a Foreign Media Note.

INTER-AMERICAN AFFAIRS

Frei Reasserts Chile's Latin American Spirit *[Madrid EFE]* 1

CARIBBEAN

Cuba

Fidel Castro Meets With Canadian Official *[Havana Radio]* 2
Canadian Minister, Lage Open Economic Conference *[Havana Radio]* 2
Canadian Officials Cited on Resumption of Aid *[Havana Radio]* 2
Consulate Occupation Talks With Chile Deadlocked *[Madrid EFE]* 2
GRANMA Editorial on Embassy Occupations *[Havana Radio]* 3

Dominican Republic

Caputo Delivers List of Embargo-Exempt Products *[AFP]* 4
Official Supports Negotiated Solution to Crisis *[Madrid EFE]* 5

Haiti

U.S. Senator Accused of Attempting To Provoke 'Civil War' *[NOTIMEX]* 5
Monde on U.S. Plan To Establish Radio Station *[Madrid EFE]* 5
Chamber President Rejects Call for Troops *[Port-au-Prince Radio]* 6
Chamber Chief on Importance of Deputies' U.S. Talks *[Port-au-Prince Radio]* 7
Restrictions on Foreign Journalists Announced *[AFP]* 7
Army Intensifies Defense Against Intervention *[NOTIMEX]* 7
FRAPH Urges Strike, Protests U.S. Policies *[Madrid EFE]* 8

MEXICO

EZLN's Marcos Warns of 'Imminent General War' *[LA JORNADA 21 Jun]* 9
Indians, Peasants Refuse To Negotiate With Governor *[EL FINANCIERO 20 Jun]* 11
Chiapas Governor Awaits EZLN Reply *[UNOMASUNO 20 Jun]* 12
Recent Polls Show PRI Rule 'Seriously Threatened' *[AFP]* 12
IFE To Monitor Media Campaign Coverage *[NOTIMEX]* 13
Cuban Fishermen Ask for Help To Reach Florida *[NOTIMEX]* 13
Authorities Arrest Sonora Cartel Leader 'El Moyo' *[Mexico City TV]* 13
Defense Secretariat Denies Cobra Purchase *[Mexico City TV]* 13
Finance Secretary: Uncertainty Temporary in Nature *[EL FINANCIERO 17 Jun]* 14
PRD Forum Reviews Economic Proposals *[EL FINANCIERO 17 Jun]* 14
Roundup of Economic Developments *[EL NORTE 16 Jun, etc.]* 15

CENTRAL AMERICA

Guatemala

Council on Belize To Study Border Dispute *[Guatemala City TV]* 17

Honduras

Minister Decries U.S. Visa Application Fee *[AFP]* 17

Roundup of Economic Developments *[ACAN, etc.]* 17

Nicaragua

Human Rights Center Makes Military Code Suggestions *[BARRICADA 17 Jun]* 17
EU Pledges $20 Million To Aid Producers *[BARRICADA 21 Jun]* 18
Swedish Authority Grants $5 Million in 5 Areas *[BARRICADA 19 Jun]* 19

Panama

Foreign Ministry on Inability To Accept Haitians *[NOTIMEX]* 19

SOUTH AMERICA

Argentina

Di Tella Views Upcoming Menem Meeting With Clinton *[NOTICIAS ARGENTINAS]* 20
Editorial: Ibero-American Summit Without Importance *[LA PRENSA 21 Jun]* 20
Oil Prospecting Around Falklands Discussed With UK *[CLARIN 19 Jun]* 20
UCR Document Contends Party Poised for Comeback *[NOTICIAS ARGENTINAS]* 21
Alleged Shining Path Terrorist Released *[NOTICIAS ARGENTINAS]* 21

Bolivia

Armed Forces Commander Interviewed *[PRESENCIA 10 Jun]* 22
Government Denies 'Secret' MNR-MIR Agreement *[PRESENCIA 12 Jun]* 23
'Unsavory' Alliance To Control COB Reported *[EL MUNDO 11 Jun]* 24
COB Executive Secretary Views Congress Results *[LOS TIEMPOS 12 Jun]* 24
Future of COB Without Miners' Support Viewed *[LA RAZON 13 Jun]* 25
$21 Million Budgeted for Coca Eradication *[LOS TIEMPOS 13 Jun]* 25
Government: Growers 'Unwilling' To Eradicate Coca *[LA RAZON 12 Jun]* 26
Officials View Alternative Development to Coca *[PRESENCIA 12 Jun]* 26
Assets Confiscated From Traffickers Misappropriated *[HOY 12 Jun]* 27

Brazil

Itamar Franco's Trip to Portugal Canceled *[Brasilia Radio]* 27
Armed Forces To Buy $800 Million in Equipment *[FOLHA DE SAO PAULO 18 Jun]* 27
Country Among Leaders of Copiers of Software *[GAZETA MERCANTIL 28-30 May]* 27
Poll Shows Lula, Cardoso as Runoff Contenders *[O ESTADO DE SAO PAULO 17 Jun]* 29
Businessmen 'Fear' PT Win; Will Continue To Invest *[FOLHA DE SAO PAULO 19 Jun]* 29
Possible Workers Party Government Viewed *[PAGINA/12 19 Jun]* 29
'Who's Who' of PT Defines Leaders, Factions *[GAZETA MERCANTIL 21-23 May]* 30
Editorial: Relations With Argentina 'Dangerous' *[O ESTADO DE SAO PAULO 19 Jun]* 33
Editorial Terms U.S. Embargo of Cuba 'Irrational' *[FOLHA DE SAO PAULO 19 Jun]* 34
Role of Castro at OAS Summit, Embargo on Cuba Viewed
[O ESTADO DE SAO PAULO 17 Jun] 34

Chile

Finance Minister Comments on NAFTA *[Santiago TV]* 35
Easter Islanders Strike for Land, Representation *[Madrid EFE]* 35

Colombia

Tape Indicates Campaigns Financed by Drug Money *[Santa Fe de Bogota TV]* 35
Samper Communique on Illegal Campaign Donations *[Santa Fe de Bogota TV]* 36
Samper Seeks Prompt Inquiry *[Santa Fe de Bogota TV]* 36
News Conference on Illegal Funds *[Santa Fe de Bogota Radio]* 37
Defense Ministry Issues Communique on Tape *[Santa Fe de Bogota TV]* 38
Prosecutor General's Office Investigates Wiretapping *[Madrid EFE]* 38

Strike Halts 85 Percent of Domestic Airline Operations *[Santa Fe de Bogota TV]* 39
Roundup of Economic Developments *[EL TIEMPO 16 Jun, etc.]* 39

Ecuador

President Declares State of Emergency *[Madrid EFE]* 40
IDB Approves $1.65 Million in Loans *[Quito Radio]* 40

Paraguay

DEA, Brazilian Police Find Drug Laundering Network *[NOTICIAS 21 Jun]* 40
Possible Cali Money Laundering Network Uncovered *[ULTIMA HORA 21 Jun]* 41
Deputy Minister Views Mercosur Negotiations *[NOTICIAS 21 Jun]* 41
Executive Appoints New Integration Minister *[ULTIMA HORA 17 Jun]* 41
Military Resorts To Court Over Party Membership *[NOTICIAS 18 Jun]* 42
Roundup of Economic Reports *[ABC COLOR, etc.]* 42

Peru

Government Withdraws Recognition of Haitian Ambassador *[Madrid EFE]* 42
Fujimori Gives Details of Abimael Guzman Arrest *[Madrid EFE]* 43
SL Leader Tried 'To Reactivate' Logistics Unit *[Madrid EFE]* 43
Poll Shows 45 Percent Support Fujimori *[Madrid EFE]* 44
Air Force Commander Views Drug Enforcement *[EXPRESO 7 Jun]* 44
Terrorist Crimes Prosecutor Interviewed *[EXPRESO 7 Jun]* 45
New Air Force General Staff Chief Installed *[EL COMERCIO 9 Jun]* 46

Uruguay

Lacalle: Chile Must Abide by Mercosur Rules *[EL PAIS 13 Jun]* 46
National Party Candidate Volonte Views Issues *[EL PAIS 9 Jun]* 46
Former President Sanguinetti Interviewed *[BUSQUEDA 9 Jun]* 47
Roundup of Economic Reports *[EL OBSERVADOR ECONOMICO, etc.]* 51

Venezuela

Foreign Minister on Colombian President's Election *[Caracas Radio]* 51
Fogade President Views Interventions *[Caracas TV]* 52
MAS Deputy on Subsidizing Intervened Banks *[Caracas Radio]* 56
Interior Minister on Bank Situation, Cartagena Summit *[EL NACIONAL 17 Jun]* 56
Court Asked To Probe Illegal Banking Activity *[Caracas Radio]* 57
Deputies To Question Sosa on Financial Crisis *[Caracas Radio]* 57
Executive Instructs Fogade To Pay Depositors *[Caracas Radio]* 58
Depositors at Intervened Banks To Be Paid *[Caracas Radio]* 58
Roundup of Economic Developments *[Caracas Radio, etc.]* 59

Suriname

Military Exercise With Dutch Troops Ends *[Castries TV]* 59

Frei Reasserts Chile's Latin American Spirit

PY2106214994 Madrid EFE in Spanish 0259 GMT 14 Jun 94

[Text] Cartagena de Indias, 13 Jun (EFE)—On 13 June, Chilean President Eduardo Frei said he had come to the Fourth Ibero-American Summit to "reassert Chile's Latin American spirit," a basic issue in its foreign policy.

Frei recalled that during his presidential electoral campaign, he stated that Latin America would be the main issue in his foreign policy with prospects for political and economic integration. He added that he has continued to uphold and put this into practice since he came to power on 11 March.

Frei told EFE: "It is true that Chile is a country open to the world, that it is going to join the South Pacific Economic Cooperation Conference (APEC), and that the EU is our main commercial partner, but, regardless of this, Chile has a Latin American spirit and we have come to reassert this."

Frei added that sound evidence of this are the recent proposals for a partnership with the Common Market of the South (Mercosur) and the proposals Chile made during the recent OAS General Assembly in Brazil.

Upon joining the Fourth Ibero-American Summit, which will last two days in Cartagena de Indias, he said Chile will participate with the hope—"and will make every effort possible in this direction"—that it will mark the starting point, "in practice rather than in theory," of a real integration of the hemisphere.

The summit "must be the forum that will ensure Latin America's transformation into a true community of nations in which support for democracy, human rights, the struggle to overcome poverty, and economic integration prevail."

In Frei's opinion, the main thing to attaining these goals is commercial opening through negotiated agreements "with a spirit of open regionalism" that will cast aside protectionism and grant the continent access to the major markets, "free of exclusions and closed blocs."

The Chilean chief of state stressed: "This is what we have come to propose at this Fourth Ibero-American Summit, and we will do so with determination and an American spirit."

Upon his arrival in Cartagena de Indias, Frei offered Chile's cooperation in rebuilding the towns of Caucas and Huilas, which were devastated last week by the landslide caused by a tremor. Frei reconfirmed this offer to EFE.

Chile has already shipped 200 metric tons of aid for the tragedy's victims, but Frei said: "We have talked to the Colombian authorities about cooperating in the most difficult aspects, that is, to rebuild the towns." Frei added: "Unfortunately, Chile has great experience in natural disasters and will place this experience at the service of our Colombian brothers."

Shortly after his arrival, the Chilean president held a bilateral meeting with King Juan Carlos of Spain, whom he invited to visit Chile again, specifically the Antarctic, which is one of the king's "great desires."

The respective foreign ministries will immediately start working on the initiative to set a date, according to Frei, who said he had asked for an audience with the king "for the affection and support he always has granted Chile."

Eduardo Frei is scheduled to hold two more bilateral meetings in Cartagena de Indias: one with Bolivian President Gonzalo Sanchez de Lozada on 15 June and one with Cuban President Fidel Castro on 16 June.

Frei said the two meetings will have an open agenda to assess the state of bilateral relations and cooperation prospects, but dismissed the possibilities that an agreement to resume diplomatic relations will be reached during either of the two meetings.

Cuba

Fidel Castro Meets With Canadian Official

FL2106160194 Havana Radio Reloj Network in Spanish 1402 GMT 21 Jun 94

[Text] Commander in Chief Fidel Castro met with Christine Stewart, Canada's minister of state for Latin America and Africa. Sources from Canada's delegation confirmed that Stewart has also met with Carlos Lage, vice president of the council of ministers, Foreign Minister Roberto Robaina, and other high ranking government officials. A spokesmen from Canada's Foreign Ministry informed the media that this is the most important moment in relations between Cuba and Canada.

On 20 June, Canada reported the resumption of official economic aid to Cuba. Canada also reported that $370,000 [country of currency not specified] in food products for children will be given to Cuba this year and $720,000 in 1995. The decision was announced simultaneously in Ottawa by Canada's Minister of Foreign Affairs Andre Ouellet and in Havana by Christine Stewart, who concludes a two-day visit to Cuba today.

Canadian Minister, Lage Open Economic Conference

FL2106152994 Havana Radio Progreso Network in Spanish 1100 GMT 21 Jun 94

[From the "First Thing" program]

[Text] Christine Stewart, Canada's minister of state for Latin America and Africa, supported Canada's investments in Cuba during her address to the conference organized by the British publication THE ECONOMIST in Havana. The conference, called the Second Round Table Conference With the Government in Havana, officially opens its two-day closed door meetings today, 21 June. The conference was inaugurated by Carlos Lage, vice president of the council of ministers, Christine Stewart, and an executive of the sponsoring publication.

Stewart stressed that Canada's government supports an increase in investments in Cuba, not only because they contribute to Cuba's development but because they are beneficial to Canada.

Currently, Canada has a significant presence in the foreign investments made in the Cuban mining sector, not only in the traditional nickel sector but also in the new explorations for gold, lead, and copper, as well as in the operation of oil fields. Stewart expressed Canada's readiness to stimulate, even more, the influx of capital to Cuba.

Ottawa announced that it will aid in the development of Cuba, as well as through the World Food Program, sending an emergency $360,000 [country of currency not specified]—$720,000 in 1995—in food aid to Cuba.

Canadian Officials Cited on Resumption of Aid

FL2106155794 Havana Radio Rebelde Network in Spanish 0900 GMT 21 Jun 94

[From the "Doing Radio" program]

[Text] The Canadian Government is resuming humanitarian aid to Cuba, as well as aid for development, by donating $1,000,000 [currency not specified]. Basically, this aid consists of the shipping of food by Canadian nongovernment organizations authorized by the government in Ottawa.

(Eduardo Delbueno), speaker for the Canadian Ministry of Foreign Relations commented on the aid to the BBC.

[Begin (Delbueno) recording in progress] ...Canada heard, and this is the right moment [words indistinct] new government [words indistinct] current politics is different [passage indistinct]. [end recording]

Commercial circles in Canada believe the commercial ventures between Canada and Cuba are positive. Approximately 120,000 Canadian tourists per year visit Cuban beaches, and in 1992, Canada reached nearly $140,000,000 [country of currency not specified] in exports to Cuba.

(Elizabeth Steamhurt), assistant to the Canadian nongovernment aid organizations for America, provided more details on the status of the commercial exchange between Cuba and Canada during her talk to the BBC:

[Begin (Steamhurt) recording] I believe it is true that this has to do with the decision because, in fact, Canada has important enough economic joint ventures with Cuba, especially for the Cuban [words indistinct]. I have some numbers here pointing out that in 1992, Canada exported nearly 140 million Canadian dollars worth of goods to Cuba, this includes wheat, paper, corn and telecommunications equipment. And from Cuba, we imported sugar, seafood, clothing and tobacco, among other goods. So, let us say that the economic exchange with Canada is not necessarily enormous, but it has significance in the current economic crisis in Cuba, in this context it is important for Cuba [words indistinct]. [end recording]

Consulate Occupation Talks With Chile Deadlocked

PA2106221094 Madrid EFE in Spanish 1946 GMT 21 Jun 94

[Text] Santiago de Chile, 21 Jun (EFE)—Negotiations between Chile and Cuba regarding the eight Cuban citizens who continue to occupy the Chilean General Consulate in Havana, since last Wednesday, are "deadlocked." Jose Miguel Insulza, Chilean deputy minister of foreign relations, reported today that there has been no progress in the talks.

The Chilean diplomat said "we have no news, good or bad. The same eight people are still there." He added that the "guests" would be staying indefinitely.

He recalled that the Cuban Government has stated that those entering consulates or embassies will not be allowed a visa to leave the country. Meanwhile, the refugees have reaffirmed that they do not plan to leave the Chilean consular building.

"The Chilean Government is flexible. It is ready to negotiate with Cuban authorities, to reach certain guarantees with the government and to find a peaceful resolution of the situation," announced Deputy Minister Insulza.

He added that the Chilean consulate in Havana is ready to study the requests for emigration to Chile; each of its "guests" may file, provided the Cuban Government allows them to leave.

Chile decided to receive the Cuban refugees for "humanitarian reasons." All of the refugees are under 30 years of age, including a woman and a 12 year-old boy.

Last month, groups of Cubans entered the Belgian and German embassies in Havana. Chile and Cuba have not shared full diplomatic relations since the 11 September 1973 coup d'etat. Consular relations were reestablished in 1991.

GRANMA Editorial on Embassy Occupations

FL2106235994 Havana Radio Reloj Network in Spanish 1403 GMT 21 Jun 94

["Text" of editorial appearing in 21 June edition of GRANMA: "The Only Option for Embassy Invaders: Unconditionally Leave the Same Way You Entered;" read by Alfredo Forte from the "National Radio News"]

[Text] A few more than 100 people have been guests of the Belgian and German Embassies and the Chilean Consulate for many days. They want to travel through those countries to reach their final destination: the United States. Various U.S. Administrations have used different methods to encourage desertions during our people's long struggle and have proclaimed with fanfare the need to exterminate the bad example Cuba has set on this continent.

Encouragement for illegal escapes and forced entries into diplomatic missions has increased recently, almost in geometric proportion to the increasing solidarity Cuba has awakened in the civilized world due to its unwavering position in the face of an aggressive and clumsy policy. Seeking to propitiate the occurrence of these irresponsible actions, visas are systematically denied to those who want to emigrate; immigration accords are not fulfilled; and, while legal obstacles increase, the coasts are kept open to welcome, with ample media coverage, those who manage to survive this odyssey.

Quite a few in Miami have established a lucrative business by trafficking in human beings. Our people are convinced that if the goals were truly humanitarian, visas would simply be given to everyone who requested one, illegal arrivals onto the territory would be banned, and opportunities would be given to those who want to live in the promised land. It, however, is a promised land rather than a granted land, except with the risk of one's life. Such is the case of those now occupying the three diplomatic missions. Our intention is not to offend anyone who wants to emigrate. While we respect the people's right to live wherever they want, we will let no one swindle us into granting nonexistent categories to people who simply immigrate for personal reasons, family reasons, or economic reasons or simply for adventure. That is going too far.

The Belgian hotel's guests include 34 people who have been warned about markedly antisocial behavior and 25 others who have been prosecuted for common crimes, including breaking and entering—an experience that undoubtedly facilitated the task of breaking into the diplomatic missions. A total of 25 children—including the world's youngest political refugee, who is only a few months old—were dragged into an adventure that could only have one ending. Oblivious of the drama in which their impulsive parents forced them to participate, they face food problems and live in extremely close quarters. The most critical thing is that once the alleged political refugees illegally and disrespectfully entered the Belgian ambassador's residence, they used the facilities to establish an alleged organization, distribute propaganda, and display signs under the Belgian mission's roof.

We must remember that diplomatic missions cannot be used as centers for political activities against the host country because this violates the functions for which they are accredited. The Belgian Foreign Ministry has acted in a responsible way by instructing its ambassador to notify his guests about the nature of the illegal action they have perpetrated because it violates that country's territory and Cuban laws, and to ask them to abstain from carrying out provocative acts in his garden.

We must note that our guards were calm. Their composure prevented injuries even when their lives were in danger. A total of 46 of the occupants have already abandoned the facilities and are home. We must explain that whoever is guilty of a crime before or during the action of violently entering an embassy will have to answer for this. For example, the criminals who stole a truck and damaged state property by crashing through the German Embassy's gate will have to answer to the authorities—not because of the illegal entry, because we have given guarantees both to Belgium and Germany on this occasion as a gesture of goodwill toward their governments. These guarantees, however, do not include immunity for other crimes. To exonerate the criminals would encourage them to break into diplomatic missions. Some of them are repeat offenders, and this is simply inadmissible.

Cuba knows that most of the diplomatic corps accredited to our country understand and coincide with our government's position, and they cooperate in this concern. This is the time to underscore our staunch principle: Absolutely no one who enters a diplomatic mission by force will be authorized to leave the country either now or later. This is a nonnegotiable position, and we will not give in under any circumstances. It would be easy for Cuba to expedite the way for those who opt to enter the embassies. Who would pay the consequences? Who would be left at the mercy of any intruder who violates the immunity of his territory with the intention of emigrating? What would be the position of the governments of these countries if Haitians who are now repatriated en masse preferred to break into their diplomatic missions? What if, instead of risking their lives at a border bristling with rifles to hunt them down, Mexican wetbacks opted to jump the walls at the European or Latin American missions in Mexico City? Cuba has a responsibility to protect diplomatic missions. It is duty-bound to protect the immunity and inviolability of their territories, and it will strictly fulfill its duty.

The experience derived from over three decades of withstanding blackmail, a blockade, and a direct and indirect aggression have taught us that we cannot give an inch. You lose every principle that you give up. That is the best guarantee for those who represent their countries in Cuba. It is always appropriate to ask: What is the purpose? Is it perhaps to establish this option as a legitimate way to leave the country? Inaugurate in Cuba a new style of getting documents to enter a country, a style different from the one which exists in other capitals? Artificially encourage a political situation for reasons that are suspiciously similar to the ones the United States is fruitlessly trying to create? Complicate things for our country during the recently concluded fourth Ibero-American summit in Cartagena de Indias?

We have yet to lose heart before powerful enemies. We have resisted despite adversity. We are not a nation that can be intimidated or put on the defendant's chair. It is time something is understood once and for all: Cuba does not admit pressure, regardless of where it comes from or who exerts the pressure. We were taught courage, and we learned the lesson well. We were taught unwavering principles, and we are good students. We were taught that the enemy cannot be given a single inch, and we are faithful disciples. Cuba is serene. Nothing clouds the clear conscience of a nation that has courageously faced difficult tests. Our Foreign Ministry has amply explained our revolutionary government's position. It is willing to fully cooperate with accredited diplomatic missions to solve their conflict and even prevent future problems in a sensible way.

The people who have sought asylum at the Belgian, German, and Chilean missions have only one option: To unconditionally leave the same way they entered.

Dominican Republic

Caputo Delivers List of Embargo-Exempt Products

PA2106181394 Paris AFP in Spanish 1510 GMT 21 Jun 94

[Text] Santo Domingo, 21 Jun (AFP)—Dante Caputo, former Argentine foreign minister and current UN/OAS mediator in the Haitian conflict, delivered to Dominican President Joaquin Balaguer the list of food supplies and medicines exempt from the embargo imposed against the Haitian military regime, it was announced this Tuesday.

Balaguer met with Caputo the night of 20 June, without prior notice, at his office at the Government Palace. This is Caputo's third visit with the Dominican president for discussions on the Haitian crisis with the goal of reinforcing control of the 300-km border between Haiti and the Dominican Republic, two nations that share the Caribbean island of Hispanolia.

Caputo stated a copy of the list delivered to Balguer was sent approximately 10 days ago to the Dominican Foreign Ministry.

Recently, Deputy Foreign Minister Fabio Herrera Cabral stated Caputo had not sent the list within the timeframe that was agreed with Balaguer during a prior meeting at which Ambassador William Gray, President Bill Clinton's special envoy for the Haitian crisis, had been present. During this meeting, Balaguer accepted the sending of U.S. advisers and equipment to reinforce the embargo along the Dominican-Haitian border.

Trade between the two nations since then has been semiparalyzed and is only allowed twice a week for four hours across the most transited border crossing.

"We have delivered what we promised," Caputo said this Tuesday, referring to the document which contains, according to what he pointed out, "the basic explanation of the (UN) resolution to enforce a total embargo against the neighboring nation."

Concerning the United Nations sending advisers and equipment to verify the compliance of the border embargo, Caputo said, "by the way, I held conversations last night (...) and logistic support and equipment coordination are being implemented."

The Argentine diplomat said: "We are very concerned with the Haitian situation, and we are doing everything possible within our power" to speed up the resolution to the crisis.

After meeting with Balaguer, Caputo traveled to the Dominican-Haitian border without giving an explanation as to how long he would remain there. "We will see," he told reporters when questioned.

Dominican President Joaquin Balaguer openly opposes the embargo against the Port-au-Prince military; nevertheless, he agreed to send soldiers to the border to prevent gasoline smuggling after meeting with Ambassador Gray.

Official Supports Negotiated Solution to Crisis

PA2206024394 Madrid EFE in Spanish 0047 GMT 22 Jun 94

[Text] Santo Domingo, 21 Jun (EFE)—The military that toppled Haitian President Jean-Bertrand Aristide must receive "some guarantees" for themselves and their relatives within the pact to resolve the crisis in Haiti, Dominican Deputy Foreign Minister Fabio Herrera Cabral said today.

Herrera Cabral said that sending the Haitian military to diplomatic posts "so they could be quiet there" could be a solution. He said a solution to the Haitian crisis, however, "depends on Haitians themselves resolving their problems, on the patriotism of Haitians, on the flexibility of Aristide since he is part of the crisis."

The Dominican official added: "Each one has to do his share, yield a little." To achieve a political resolution, one has to yield part of his sovereignty, what he believes to be his personal interests. Herrera Cabral justified the U.S Government position of negotiating the stepping down of the Haitian military without need of a military intervention.

Regarding the list of food and medicines that Haiti will be allowed to import through the border with the Dominican Republic, he explained there is no "list" since UN Resolution 917 allows humanitarian assistance.

Yesterday, Monday, Dante Caputo, special UN and OAS envoy for the Haitian crisis, handed Dominican President Joaquin Balaguer a UN Security Council grantee, allowing food and medicine to enter Haiti from this country.

Haiti

U.S. Senator Accused of Attempting To Provoke 'Civil War'

PA2106155594 Mexico City NOTIMEX in Spanish 0921 GMT 21 Jun 94

[Excerpts] Port-au-Prince, 21 Jun (NOTIMEX)—Haiti's de facto government has affirmed its determination to confront a military invasion at a time when a U.S. senator visiting the island has indicated that the Haitian Army could not possibly repel an invasion. [passage omitted]

U.S. Senator Robert Graham, at the end of a brief visit to the Caribbean nation, said, "The Haitian Army could not repel an international intervention." [passage omitted]

Haitian Senator Bernard Sansaricq, a supporter of the de facto government, said Graham "is attempting to provoke a civil war. Can you imagine? He even went to Cite Soleil (stronghold of Aristide supporters) to meet with members of popular organizations."

Sansaricq, leader of the parliamentary faction that supports the military, also said Graham "wants to polarize the situation. He should never have come here." [passage omitted]

Meanwhile, a source close to the government confirmed the Army could be having serious internal problems. He made his statements after confirming that two soldiers were killed in their garrisons on the outskirts of Port-au-Prince during incidents that still have not been officially disclosed. [passage omitted]

Monde on U.S. Plan To Establish Radio Station

PA2106212594 Madrid EFE in Spanish 1843 GMT 21 Jun 94

[Text] Port-au-Prince, 21 Jun (EFE)—Frantz Robert Monde, president of the Haitian Chamber of Deputies, today criticized the U.S. plan to establish a radio station on a ship in international waters off the coast of Hispaniola Island to urge Haiti's military leaders to relinquish power. Monde said it is immoral for U.S. President Bill Clinton to expect Haitian soldiers to stage an uprising against their generals. According to the legislator, the United States "knows" that the soldiers, not the generals, staged the coup that toppled constitutional President Jean Bertrand Aristide in September 1991. To explain the alleged immorality of Clinton's position, Monde said it is as if the United States were to encourage U.S. Marines "who are not homosexuals to rise up against Marines who are."

Meanwhile, former Senate President Dejean Belizaire said the issue of exile for the military is a form of bait. "We must not lose the country's sovereignty," Belizaire said.

The right-wing organization "Capois La Mort" said, regarding the establishment of the U.S. radio station, that the Armed Forces should not "yield to blackmail."

Likewise, according to Monde, the mission of Duly Brutus, former president of the Chamber of Deputies, and Deputy Datus Milcent, who traveled to Washington on Sunday as guests of the "Heritage Foundation," is to denounce the plan to invade Haiti and prove the "negative influence" William Gray, Clinton's adviser on the Haitian crisis, has had on U.S.-Haitian policy. Brutus and Milcent will meet with three former U.S. secretaries of state and members of Congress during their visit to Washington.

"Gray has no credibility to negotiate the crisis the country is experiencing because of the circumstances under which he left Congress," Monde argued, although he did not mention what the motives were. In his

opinion, Gray "hides under President Aristides' table and obeys every word he says." "

On the other hand, since this past Monday, the Haitian banks began to apply one of the measures imposed by the U.S. Government by limiting the delivery of funds sent by Haitians from their relatives living in the United States to $40. This measure has caused dissatisfaction among the Haitians who survive on the funds their relatives send. In addition, the Haitian banks advised their clients that they could no longer use credit card services.

On the other hand, the "Haiti Trans Air" airlines, which has regular flights between Port-au-Prince and Miami, announced today that its last flight to U.S. territory would be on 24 June as a result of the measures adopted by President Clinton, who unilaterally decided to suspend flights between both nations. With Haitian Trans Air discontinuing flights, a measure also to be supported shortly by "American Airlines," only "Air France" will cover the Port-au-Prince journey, with a stopover on Guadeloupe island, three times a week, and to Santo Domingo once a week.

As result of the situation, hundreds of travelers remain in the Port-au-Prince airport trying to arrange a flight out of the country before the commercial flight suspension declared by President Clinton enters into effect this weekend.

Similarly, Emmanuelle Constant, head of the Front for Haiti's Advance and Progress (FRAPH), reiterated today that the foreigners currently in Haiti are in no danger. According to Constant, the majority of those foreigners are still in the country and have not heeded the calls to abandon Haiti made by the United States and Canada, which he believes is evidence that they are not in any danger.

Chamber President Rejects Call for Troops

FL2106212494 Port-au-Prince Signal FM Radio in Creole 1030 GMT 21 Jun 94

[Report by correspondent Daly Valet; passages within quotation marks in French]

[Excerpts] [passage omitted] U.S. officials continue to surprise us as the Haitian political crisis continues. Following reports that some republicans plan to move President Aristide to La Gonave Island, the latest news is that U.S. officials intend to move a ship that is carrying propaganda against the military putschists into Haitian waters. The propaganda reportedly aims to force non-commissioned officers and soldiers to take up arms against Generals Cedras and Biamby and Michel Francois.

Chamber of Deputies President Frantz Robert Monde is not pleased. The deputy says it would be immoral for the U.S. Government to stir up trouble inside the Army and a civil war in Haiti. Frantz Robert Monde asks: Can we ask straight Marines to rise up against their gay colleagues?

[Begin recording] [Monde] This is like those men planning to have Aristide go to La Gonave, like those men saying that there must be intervention in Haiti. "Those men want to sensationalize." Can you imagine a radio station (?being set up) in the harbor, calling for soldiers to rise up? The soldiers want to destroy them, as well. I will take the hardline position whenever they take such a position.

[Valet] They say they guarantee that nothing will happen to those who rise up against the generals, that they will do nothing to the police or soldiers.

[Monde] They know they are lying to the little soldiers. They know they will destroy the little soldiers because they know that the little soldiers staged the coup d'etat. They know very well that it was not the generals. "They go through the generals to get to the little soldiers." I have never discussed my position on Cedras, but "I am opposed to getting rid of the entire Army high command in favor of Aristide. It is out of the question." [passage omitted]

"Can we ask a Marine who has more or less morality to rise up against his president?" It would be immoral for the United States to do that. They do not have this right. "Stirring up trouble and civil war in Haiti and arousing army against army is not a responsible position. Can we ask straight U.S. Marines to rise up against gay Marines? No, it is out of the question." [end recording]

The Chamber of Deputies president says that Duly Brutus and Datus Milcent have gone to Washington to discuss the Haitian political crisis with the Republicans and the Democrats. Bob Monde says these legislators will denounce the U.S. invasion plans and William Gray's behavior during the Haitian crisis:

[Begin Monde recording] I asked them to denounce and fight the intervention issue. Second, I asked them to stress Gray's negative influence on U.S. policy toward Haiti. Gray left Congress for shady reasons and is not credible enough to negotiate a crisis today. Gray has managed to secure the job of President Clinton's representative. Unfortunately, he only remains under Aristide's table. He listens to and only repeats all that Aristide says. We do not have many options with Gray. The only option is intervention. You see, "this is the reaction of the negro who has not yet freed himself from the influence of his environment." I think this is very grave. We have no chance of emerging from this crisis when a man like this is involved. [end recording]

As for the upcoming 25 June deadline, the Chamber of Deputies president says Haitians must resign themselves to the economic sanctions. he asks them, however, to cope with the embargo. He also wants negotiations to resume. Apparently, this call for negotiations will not have (?the desired results) since all the protagonists are

preparing to (?fight). The de facto family's song is: Grenadiers, to the assault! We do not care about those of us who might die! [grenadye alaso, sa ki mouri zafe a yo]

Chamber Chief on Importance of Deputies' U.S. Talks

FL2106215894 Port-au-Prince Radio Metropole in French 1600 GMT 21 Jun 94

[Interview with Chamber of Deputies President Frantz Robert Monde by correspondent Edner Jean in Port-au-Prince; date not given; Monde and Jean speak in Creole; first paragraph announcer-read introduction—recorded]

[Text] Some new diplomatic steps are being taken to solve the political crisis. Two Haitian deputies, including legislators from the Nationalistic Progressive Revolutionary Party of Haiti and from the socialist group contacted by the Heritage Foundation, arrived in Washington on 19 June to meet U.S. democratic and republican congressmen. Haitian Deputies Duly Brutus and Datus Milcent will return to Port-au-Prince on 23 June. A Chamber of Deputies Office press release asks other legislators not to travel abroad in the interest of reserving, for the legislature, those decisions that only the legislature can make. It should be noted that recently, legislators denounced the authorities banning about 15 deputies from leaving Port-au-Prince airport, which the Chamber Office has denied. Chamber of Deputies President Frantz Robert Monde explains:

[Monde] The Heritage Foundation invited me and Deputy Duly Brutus to Washington for a five-day visit to improve their view and assessment of the Haitian crisis. My departure alarmed some deputies and politicians, so I stayed and sent Deputy Datus Milcent in my place. The meetings began this morning. Meetings with the Heritage Foundation and with democratic and republican legislators have been fruitful.

[Jean] What is the Heritage Foundation?

[Monde] A very conservative group, along the lines of the Center for Democracy. The Heritage Foundation is conservative and oriented toward the Republicans, while the Center for Democracy is oriented toward the Democrats. The Foundation has a very solid U.S. foreign policy reputation. It supports a better approach to the Haitian crisis.

[Jean] So you think that the Chamber of Deputies has been represented fairly? Do you think that this delegation represents all of the factions? It does not include any National Front for Change and Democracy members.

[Monde] The Chamber sends delegations for different reasons. The Chamber would normally send a delegation representing the various factions. In this case, Deputies Frantz Robert Monde and Duly Brutus received personal invitations. There is a big difference. It would not have been diplomatic for me to receive an invitation and then invite someone else. The deputies know this for they encounter the same thing. If they invite one deputy, another cannot tag along. That is not done.

[Jean] What do you expect from these negotiations? Do you think they can influence the political juncture?

[Monde] They are meeting high-level people. They will meet three former U.S. secretaries of state, people at Warren Christopher's level. They will meet some current and former U.S. congressmen. It is best to wait for the two deputies to return. We will not find a solution on the streets. The two deputies are competent and able. They are of good faith. They want to solve the crisis and to find an honorable solution for all the parties in the crisis. That is why they went. In particular, they will defend against those Americans who think they can intervene in Haiti.

Restrictions on Foreign Journalists Announced

PA2206045694 Paris AFP in Spanish 0407 GMT 21 Jun 94

[Text] Port-au-Prince, 21 Jun (AFP)—Tuesday night, the Ministry of Information, Coordination, and Culture announced that hereafter foreign journalists must "request and obtain" from that Ministry authorization to go to the cities in the provinces.

The objective of the measure is "to guarantee the security of foreign journalists in the country," the communique notes. Many foreign journalists, including the crews of the principal U.S. television stations, are in Port-au-Prince just as the new U.S. sanctions are to be enforced.

Army Intensifies Defense Against Intervention

PA2206032594 Mexico City NOTIMEX in Spanish 0155 GMT 22 Jun 94

[Text] Port-au-Prince, 21 Jun (NOTIMEX)—Today, coupist Haitian officers intensified their actions to defend against a possible military intervention to reestablish democracy in this Caribbean nation. Today, the de facto government ordered barricades of sand bags be erected in the area surrounding the National Palace and General Headquarters.

Meanwhile, Emmanuel Constant, leader of the paramilitary group Front for Haiti's Advance and Progress (FRAPH), announced that on Friday they will begin a strike to protest the possible U.S. intervention. He said the group, which changed its name to the Haitian People's Armed Revolutionary Front, will stage the measure against U.S. President William Clinton, William Gray, his adviser for the Haitian crisis, and deposed Haitian President Jean-Bertrand Aristide.

FRAPH patrolled the streets of the capital last October to prevent any activity after declaring a strike to protest the return of Aristide, which was scheduled for 30 October in compliance with the Governor's Island

Agreement. Followers of the military protested the U.S. Government's intention to disseminate antimilitary propaganda from planes in a two-week period, like they did in Panama and Iraq.

Robert Monde, president of the Chamber of Deputies and confidant of the coupist officers, said "that is immoral... they want to cause a civil war... the military High Command is not responsible for the coup... it was organized by soldiers."

Meanwhile, sources at the U.S. Embassy in Haiti said that more than half of the diplomatic mission's personnel and their dependents have left the country, four days before the suspension of commercial flights to Haiti goes into effect. This measure is part of the nearly total embargo decreed since 22 May to pressure military officers into relinquishing power and allowing the return of Aristide.

FRAPH Urges Strike, Protests U.S. Policies

PA2206004094 Madrid EFE in Spanish 2206 GMT 21 Jun 94

[Text] Port-au-Prince, 21 Jun (EFE)—The Front for Haiti's Advance and Progress (FRAPH) announced today that it would start a general strike next Friday, 24 June, to protest U.S. policies against Haiti and to practice voodoo to exorcise the invasion.

FRAPH leader Emmanuel Constant confirmed that the group changed its name to People's Armed Revolutionary Front this Tuesday, and he criticized what he called was the Clinton-Aristide-Gray policy. Constant was referring to U.S. President Bill Clinton; Jean-Bertrand Aristide, the Haitian president who was toppled in September 1991; and William Gray, the U.S. President's adviser for the Haitian crisis.

Constant, however, clarified at a news conference this afternoon, that the name, People's Armed Revolutionary Front, does not mean the organization will take up arms due to U.S. military intervention threats. He explained that the members of the organization are to be relief personnel who will be deployed to strategic areas and await the Armed Forces' requests.

Constant commented that the Front's members will have machetes and will use magic, voodoo, and the "Ouanga" (object used in voodoo practices to show special powers). The right-wing leader indicated that they will use those powers to protect the country from a foreign invasion.

Louis Jodell Chamblain, who was not allowed to speak on behalf of the FRAPH on 11 June after he said "nobody is safe in Haiti" and he reported that he had been attacked, was also present at the news conference. Chamblain's presence at the FRAPH locale in Delmas, near Port-au-Prince, surprised reporters who attended the event because they thought there had been a split in the group when Chamblain made those statements after he was allegedly attacked.

A voodoo ceremony is also being held at the Haitian National Pantheon Museum, near the National Palace, this afternoon. Chamber of Deputies President Frantz Robert Monde; Emmanuele Menard, the director of the museum and of the national television station; and Army officers are participating in this ceremony. The ceremony, in which flower offerings have been made, is organized by a cultural association that was founded by Deputy Lionel Bouzi. According to several of the participants, the ceremony is being held to honor the country's forefathers.

EZLN's Marcos Warns of 'Imminent General War'

PA2206035194 Mexico City LA JORNADA in Spanish 21 Jun 94 p 1-19

[First of three installments of an interview with Subcommander Marcos, of the Zapatist National Liberation Army, by Epigmenio Ibarra in the Lacandona jungle; date not given; first four paragraphs are LA JORNADA introduction]

[Text] If in the course of the coming two months there is not a real democratic opening, Mexico will face an imminent general war, Subcommander Marcos warned in an interview. "What we are doing is opening a waiting period and appealing to civilian society, to its most representative sectors, to stage a civil mobilization, virtually as the last call to initiate a peaceful transition to democracy."

For the Zapatist leader, the "government's myopia" does not allow it to see that "there are armed groups in several parts of the republic" which are growing. He says that one way or another, the outbreak of what would be a civil war is imminent, "not a war between two armies, but a war among many armies." He added that the only way to stop it is to provide a truly democratic opening, which "is still possible today."

Subcommander Marcos affirmed that the historic responsibility for this war falls on the government for having refused to face this political crisis by providing the possibility of having a peaceful transition to democracy.

The following is the first of a three-part interview from the Lacandona Jungle:

[Ibarra] Subcommander, you rejected the government's proposals. What remains to be done now?

[Marcos] What we are doing is reviewing what happened after the dialogue, respecting the government's decision to provide a democratic opening, and to fulfill the EZLN's [Zapatist National Liberation Army] demands for justice. What we did was to engage in consultations and establish contacts with other social groups, which insisted that the EZLN's demands were not being fulfilled in the rest of the country or in the rest of the State of Chiapas.

What we are doing is opening a new waiting period and appealing to civilian society, to its most representative sectors, to conduct a civil mobilization, virtually as the last opportunity or the last call to initiate a peaceful transition to democracy. What we envision and what the government's myopia does not allow it to see is that the problem of refusing to permit the transition to democracy is not an EZLN problem. What I mean is that the government was betting that if it did not wipe out the EZLN, it would sign a peace agreement and this would eliminate the possibility of war. We know, however, that there are armed groups in several parts of the republic, which the political climate is causing to grow and which one way or another will lead to an outbreak. The only way to stop this is to yield before that happens and to provide a truly democratic opening.

[Ibarra] According to you, we are facing an imminent general war in Mexico?

[Marcos] Definitely. What we think is that an effort beforehand toward a peaceful transition is still possible, or at least a transition through the electoral path in August. If we insist on that, if society is mobilized sufficiently, although there is hardly enough calendar time from now till 21 August, if the mobilization is given, it could be very intense in historic terms. What we are trying to make the nation understand is that an imminent war, following the failure of a peaceful path toward democracy, does not depend on us. Other groups will rise up. There is not going to be any control. It will be what is called a civil war, not a war between two armies, but a war among many armies. It will become impossible to speak to anyone. There will be no mediators and this will create problems for everyone, for all the belligerent parties.

[Ibarra] Are you not, however, contributing to this outbreak with your no?

[Marcos] No, what we are doing is what we did on 1 January, warn the people of a situation. When we say no, we are again revealing the masquerade that prevails in this country, which would have been consolidated had we accepted the peace agreement. Efforts were made to make the people, including foreigners, believe that the problem had been resolved. Then the people would be surprised again by the outbreak of a civil war. What we are doing is maintaining the role we have had, alerting the people to what could happen in this country and not saying it. [sentence as published]

[Ibarra] We are not talking about a simple rejection. You have said no, and at the same time, you raise your demands; you demand President Salinas' resignation and even threaten him with a political trial. Is that correct?

[Marcos] Yes. We insist that history has again confirmed the justness of our demands. At the beginning, in January, when we demanded President Salinas' resignation, people thought we were crazy, but now they realize that what would be crazy would be letting him stay in power. All the subsequent incidents confirmed that no one is sitting in Los Pinos; there is no control over the country; there is a de facto ungovernability; and the figure of the federal executive branch is just that, a figure. One way or another many forces are loose within the group in power which, as a result of their internal struggle, are dragging the rest of the country with them. That is what we mean when we insist on the need for a transition government. There should be an agreement among those powerful groups to give the power to those who really should have it, in other words, to the people.

Those who, in January, believed we were crazy, in March, have realized that the others are the ones who are crazy. The federal executive branch's historical responsibility is refusing to deal with the situation of political crisis that began in January 1994 and is refusing to yield to the democratization drive, or at least permitting a regulated transfer, which is what a transition government does. Arrogance and disdain, however—how can an Indian tell me I have to leave—is what makes him cling to power, what makes him deceive the nation with a dialogue process disguised as negotiation to deceive the stock market, investors, and finally the United States and Canada because of NAFTA.

The lack of control in the rest of the country is also reflected in the internal group of power and leads to a series of internal adjustments, which causes so many problems. Salinas is responsible for that; therefore, he should finally resign and leave the presidency. He cannot leave with his hands clean or try to make people believe that his hands are clean if they are really dirty. Even if he resigns, he must be called to trial to explain to the nation why he acted the way he did; why he governed the way he did, or why he misgoverned the way he did at a crucial time in our country's history. The current federal government will be responsible should a civil war begin, with all its consequences.

[Ibarra] Until now, we have heard about the EZLN's presence in Chiapas. In one of your communiques, however, you issued orders to forces in the nation and abroad. What does that mean?

[Marcos] Well, this case is the same as the masquerade that was created in the sense that this was a local state problem to say the least, or even worse, reducing it to the four municipalities where it started. Anyone who commands a military institution, however, knows that no army deploys all its troops in its first move. It is clear that the EZLN only sent part of its forces into action on 1 January. It must have other forces in reserve. Moreover, it is clear that the banner the EZLN raises is beginning to receive support from other sectors, other groups, even clandestine groups, that in one way or another are joining the EZLN's struggle and accepting its military direction, both in other parts of the country and in other nations.

Therefore, we are addressing them to let them know what our no means, to let them know that we have not accepted the proposed agreements, that we have not surrendered. At the same time, to let them know that we have left a space open to permit the organization of civilian society or to let them express their discontent through peaceful means. On the other hand, we again addressed the nation to insist that trying to reduce the problem to the State of Chiapas is deceitful. We want to stress once again that we have a national problem here, a problem of national war, which is now facing three possibilities: the path of a peaceful or political solution, of transition to democracy; second, a regular war between regular armies, which is why the EZLN insists on its recognition as a belligerent force; and third, which would be the worst solution, a civil war, with many heads or without any head, with many forces fighting among themselves, without any clear division between each one, between one contender and another. We are warning the nation about that possibility. We are pointing out a reality: that we are a national army, that we exist throughout the nation, and that we can carry out military operations throughout the national territory and in some other places abroad.

[Ibarra] Do you think you stand a chance of victory even though you have only a few weapons?

[Marcos] In military terms, there are three variables: land, climate, and morale. A well-equipped, well-armed, and well-trained army that has problems with climate and morale can be defeated by an ill-equipped army that has the advantage in terms of land, climate, and morale. The way the Zapatist Army has been growing—they may deceive themselves into thinking it has only occurred in this state—shows a line of military progression. The EZLN is growing and establishing itself in the natural surroundings of its troops. That means the EZLN has already gone through what would be the acclimatization period for any regular army, and troops are joining the EZLN in its own territory. We do not think we stand a chance of defeating the federal Army militarily, but we do believe we can resist an all-out offensive for a long time, and that includes all the known military options, from the surgical strike to razing the civilian population. One way or another, the government—and foreign countries as well—must realize that if war begins, a regular war between two perfectly defined armies at best, they must be prepared to wage a lengthy war lasting many years, where the land and climate will be major factors in favor of the EZLN. Whether they like it or not, the federal Army will have to act as an occupation army.

[Ibarra] Are there any options to war?

[Marcos] The only option would be for society to stage a mobilization prior to the elections. Then the cost estimates done by government and Pentagon computers would show it is more expensive to insist on holding onto power for another six-year term through Zedillo or any other person than for Salinas and the neoliberal group to keep themselves in power. [sentence as published] This would create another government option and provide a waiting period to meet the demands of justice, if fulfilled, and democracy, or at least give a clear sign of democracy.

The only way to avoid war is to mobilize the people before 21 August and pass the democratic test on 21 or 22 August, when the electoral process is decided. That is the only possibility we see. With that knowledge, we could have kept our mouths shut. We could have waited for what we saw in the underground world with which we are in contact.

This country's underground, in which we find ourselves, is not small; it is very large. It extends throughout the

national territory. We could have done that and said: Well, we know we have the strength and the moral authority, and we are already spread throughout the country. We could have waited for this to blow up and capitalize on it according to our best interests. When the EZLN says NO, it is assuming its historic duty or its commitment to the nation to warn it once again that this is going to happen and something needs to be done. The advantage is that now, we are warning them before the war breaks out so there will not be a reoccurence of the January events. Then we would have to say we knew what was going to happen and did nothing to avoid it. Now you know what is going to happen and you can prevent it by doing the only thing possible; that is, forcing the government to withdraw and install a transition administration.

Indians, Peasants Refuse To Negotiate With Governor

PA2106194694 Mexico City EL FINANCIERO in Spanish 20 Jun 94 p 71

[Report by correspondent Gabriela Coutino]

[Text] Tuxtla Gutierrez, Chiapas, 19 Jun—Peasant and Indian members of the State Council of Indian and Peasant Organizations [CEOIC] who have been waging a sit-down strike are refusing to put their trust in and open negotiations with Chiapas Governor Javier Lopez Moreno and other representatives of the federal government because, they argue, "we signed a draft agreement with them on 4 April and they failed to comply."

Meanwhile, Lopez Moreno has explained to the media that he is not the federal government's commissioner for peace and reconciliation in Chiapas: "As governor, it is my duty to coordinate compliance with federal and local agreements intended to strengthen peace." Lopez Moreno convened a news conference to discuss the status of the state. In addition, he maintained that conditions exist for holding elections on 21 August.

He indicated that within the past 40 hours, significant progress has been achieved at the five bargaining tables that were set up to establish a more direct dialogue with CEOIC members. He did not, however, give any details, and he would only say "they were discussing" the agenda outlined by the organization.

As for the upcoming elections, Lopez Moreno stated: "We are moving on satisfactorily, and we maintain good relations with all political organizations." Tonight, he indicated he will hold a meeting with ranchers and small rural landowners to jointly set up a working agenda—following the same pattern used with the CEOIC—and, in turn, respond to complaints made by the ranchers.

The peasants, meanwhile, pointed out that the government is still lying and that no substantial progress or results have come from their negotiations. The Emiliano Zapata Proletariat Organization [OPEZ], a member of the CEOIC, noted in a news release: "The government is encouraging ranchers and landowners by claiming that it will act in keeping with the law (land evictions) to recover seized properties."

It says that in light of this situation, President Salinas should handle the Chiapas problem himself. Having lost hope, the peasants view "the system as their historic enemy." The news release states that Chiapas is experiencing a class conflict in which the government has ceased to be an arbiter and has become the ally of the rich. The rich put the government in power, and the rich expect to benefit from government policies.

This is why Colosio was assassinated, OPEZ adds. Camacho was forced to resign because the government still believes Chiapas will be a deciding factor in the upcoming elections.

But now, OPEZ asserts, current circumstances favor us. A unique situation exists, because now there is a Zapatist National Liberation Army [EZLN]. "There are no peace agreements," elections are coming, and society has great expectations. If there are no solutions, we "will radicalize" our position by seizing land and carrying out actions to force the government to heed us and answer our demands.

Another situation affecting the state stems from discontent in several local mayor's offices. Following six days in jail, four municipal officials from Angel Albino Corzo were freed by peasants who demanded an investigation into the case and the mayor's dismissal. According to the Chiapas Public Prosecutor's Office, the municipal presidency remains closed to prevent any aggression.

Proposals From the Chiapas Diocese

Tuxtla Gutierrez Bishop Felipe Aguirre Franco said three Chiapas dioceses will present several plans and proposals to the federal government on the armed conflict. Pope John Paul II will give his authorization for this action.

Aguirre Franco added that the bishops' proposal has been addressed to the Mexican Government through Samuel Ruiz Garcia, bishop of San Cristobal de las Casas. At this point, Aguirre Franco believes that both the federal and the state governments are making "adjustments," but this does not mean that negotiations are at a standstill but, rather, that the new EZLN proposals are being studied.

Aguirre mentioned that on 1-11 July he will be in Rome, where he will meet with the pope. He will submit an in-depth report on the works conducted by his diocese within the past six years to the pope. He will also give his view regarding the armed Indian uprising in the area of the Chiapas highlands and the Lacandona Jungle, and he will give a thorough account of developments since the EZLN's emergence.

Chiapas Governor Awaits EZLN Reply

PA2106202694 Mexico City UNOMASUNO in Spanish 20 Jun 94 p 8

[Report by correspondent Betzy Villarreal Rodas]

[Text] Tuxtla Gutierrez, Chiapas, 19 Jun—Today, Governor Javier Lopez Moreno, federal and state coordinator of peace efforts in Chiapas, said he is awaiting a reply from the Zapatist National Liberation Army [EZLN] to begin exchanging work plans and commitments that will lead to the signing of a regional peace agreement.

Lopez Moreno, however, pointed out that he is not currently seeking a dialogue with the EZLN in the buffer zones. He added that he will meet today with Bishop Samuel Ruiz Garcia, when the prelate returns from a trip.

The state governor delivered a message to the people of Mexico and Chiapas: "We are not experiencing the worst of conditions, and we are making progress." I trust the EZLN's conditions will be appropriate for the holding of elections, and even the electoral campaign.

He admitted he has good relations with all political organizations in the state. He also said he was in a position to resolve the agenda proposed by the State Council of the Indian and Peasant Organizations as well as to resolve the concerns expressed by the small landholders, particularly the cattle ranchers.

He advised that there are problems in some municipalities in the state, such as land seizures, the blocking of highways, and unrest in the zones of conflict. Nevertheless, he said, the situation is under control.

Recent Polls Show PRI Rule 'Seriously Threatened'

PA2106174194 Paris AFP in Spanish 1656 GMT 20 Jun 94

[By Noel Lorthiois]

[Text] Mexico City, 20 Jun (AFP)—Just two months before the 21 August Mexican presidential elections, and for the first time in 65 years, the Institutional Revolutionary Party [PRI] appears seriously threatened, while the popularity of the conservative opposition candidate continues to rise.

By offering sound alternatives, Catholic attorney Diego Fernandez de Ceballos, 53, candidate of the National Action Party (PAN, conservative), continues to gain more ground with each passing day, according to opinion polls published in the Mexican capital in recent weeks.

Moreover, according to a government official who asked to remain anonymous, as of two weeks ago, unpublished polls showed that "one day, the PRI candidate was leading Diego Fernandez 36 to 34 percent, and the next day, the opposite was true." In Mexico, the president is elected by a simple majority and universal suffrage in a single-round election.

Fernandez's popularity rose markedly after the 12 May televised debate between the three main presidential candidates. All commentators agreed that the PAN candidate, an excellent speaker who is graced with undeniable charisma, was the hands-down winner of the debate. This was the first such debate organized in Mexico, and it was seen by nearly 50 million viewers.

Meanwhile, the PRI, which is bogged down in a true crisis that reflects the end of its era and shows it is being ripped apart by internal quarrels, is losing more sympathizers each and every day, and it is obvious that its candidate Ernesto Zedillo, 43, does not convince the people.

Zedillo has the disadvantage of having been hastily appointed barely three months ago in the wake of the murder of Luis Donaldo Colosio, the previous PRI candidate. Zedillo's entire career has taken place within ministries (specifically the Budget and Education Ministries) and he has never held an elected post. He is considered a brilliant technocrat.

According to analysts, Zedillo is a victim of the erosion of his party, which was created in 1929 by Plutarco Elias Calles. The party no longer responds to its initial vocation of being a "party of the state" designed to ensure the nation's stability.

In fact, within the past six months, the Mexicans have watched with consternation a guerrilla rebellion in Chiapas State (south), where the conflict still has not been resolved, despite the cease-fire; Colosio's murder; a rise in violence and kidnappings; and a unsettling increase in drug trafficking. Meanwhile, the PRI candidate himself recognizes it is necessary to "urgently and deeply" reform justice and the police.

After 65 years of PRI rule and in the wake of true modernization undertaken by President Carlos Salinas de Gortari, the Mexicans undoubtedly expect a political change. Furthermore, the slogan of "democratic transition" is recalled daily as an unavoidable fact, not only by the opposition parties, but also by PRI dissidents, the Catholic Church, countless intellectuals, and the main political editorial writers.

The question is who will be able to assure this transition and how it will be achieved. As of now, it is believed that the PRI probably will not be able to continue ruling alone. Nevertheless, it appears unlikely that any elected opposition candidate would be able to rule without the PRI, taking into account the current alignment of forces.

Salinas, who has always maintained that he will turn over power to whoever wins the election, will have to face this challenge, guarantee transparent elections, and oversee a transition without upheavals; otherwise, the nation could sink into serious political turmoil.

IFE To Monitor Media Campaign Coverage

PA2206010494 Mexico City NOTIMEX in Spanish 0104 GMT 19 Jun 94

[Text] Mexico City, 18 Jun (NOTIMEX)—The Mexican Federal Electoral Institute (IFE) General Council announced today that it will monitor the media to see if reports on the presidential candidates' campaigns are fair and objective. During a regular session this Saturday, IFE members unanimously agreed to order the institution's Radio Broadcasts Commission to file a report on their findings by the end of the month at the latest.

The Commission is to report to the Council every 15 days until the political campaigns conclude on the handling of information reported by the media.

Over 40 million Mexicans will go to the polls during 21 August's federal elections to choose a president, 500 deputies, 128 senators, and 66 Assembly members. The IFE General Council plan includes a recommendation to the media, mainly radio and television stations, to balance information on the political campaigns of the various parties. It also asks the electronic media to respect, in their radio and television newscasts, the right of Mexicans to be informed about the campaign activities of the nine presidential candidates.

Cuban Fishermen Ask for Help To Reach Florida

PA2206040794 Mexico City NOTIMEX in Spanish 2303 GMT 21 Jun 94

[Text] Progreso, 21 Jun (NOTIMEX)—It was reported here that the Cuban fishermen who arrived in this Mexican eastern port, in Yucatan State, asked the government to help them reach Florida after they were declared illegal immigrants in Mexico.

Bernardo Crespo, navigation chief of the Progreso port, pointed out that Cubans Amado Sanchez Garay, 35, and Roberto Perez Ruiz, 38, had said they left Cuba 14 days ago to go fishing and that a Mexican ship rescued them on 20 June.

The official added the Cubans, who were on board a high-speed boat with registration number 302-322, arrived in the port, located 1,800 km east of Mexico City, early this morning and they requested help to go to Miami, Florida. The Lamba 302 fishing boat rescued the two fishermen, whose high-speed boat ran out of gas on the high seas.

Crespo also said the Cuban fishermen were handed over to immigration authorities, who transferred them to Merida, Yucatan's capital, located 36 km south of Progreso.

Some 193 Cubans have arrived in Yucatan Peninsula coasts so far in 1994. In March, seven Cuban boat people were rescued off the coast of Isla Contoy, and in April, three groups—totaling 183 Cubans—arrived in this port, Chetumal Bay, near Isla Mujeres.

Last month, Cuban fisherman Pedro Gutierrez Fernandez arrived in San Felipe Port, also in Yucatan, after he was rescued by the Piscis Mexican fishing boat.

Authorities Arrest Sonora Cartel Leader 'El Moyo'

PA2106183994 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 17 Jun 94

[From the "Early Morning" newscast]

[Text] In an incident described by the PGR [Attorney General's Office] as one of the harshest blows dealt to the drug trafficking mafia, on 15 June, authorities arrested Moises Juarez Ledezma, alias El Moyo and El Dienton, a key figure in the Sonora Cartel headed by Amado Carrillo Fuentes. El Moyo has been charged with crimes against public health, which include charges of funding, planting, cultivating, storing, and transporting drugs.

In the areas of Las Minitas and Las Trincheras in Sonora, which cover some 5,800 hectares, authorities confirmed the discovery of caps and jackets with bogus PGR and PJF [Federal Judicial Police] insignias, which were used by cartel members.

Meanwhile, the PGR also announced the 12 June arrest of Eduardo Salazar Carrillo, assistant PJF inspector in Sinaloa; Commander 2d Class Cesar Gomez Castaneda; and policemen Gilberto Barrios Barrios and Eric Escamilla Segovia. The four men are facing charges in connection with the possession of $306,921 in cash, several weapons used exclusively by the Army, and radio equipment.

Defense Secretariat Denies Cobra Purchase

PA2206010594 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 20 Jun 94

[From the "Early Morning" newscast]

[Text] The National Defense Secretariat has denied that it is contemplating the purchase of three AH-15 [as heard] Super Cobra attack helicopters, as was reported Thursday in Washington.

In a two-paragraph communique, the Defense Secretariat noted that it has not taken any official steps to obtain such military equipment. U.S. officials had said that Washington had not approved the request for the acquisition of such armaments, considering the arrival of the equipment as untimely in view of the current situation in Mexico.

The Defense Secretariat said the Army and Air Force's modernization plans do not contemplate the purchase of this type of equipment and that no efforts to this effect have been made with the U.S. Government.

Finance Secretary: Uncertainty Temporary in Nature

PA2106200394 Mexico City EL FINANCIERO in Spanish 17 Jun 94 p 7

[Report by Miryam Hazan]

[Text] Pedro Aspe, secretary of finance and public credit—without directly mentioning Peace Commissioner Manuel Camacho Solis' resignation—has said that recently we have been wrapped up in an unexpected problem that has disheartened many Mexicans.

Athough domestic as well as foreign events have translated into uncertainty in domestic markets, we should be conscious of the temporary nature of these events and not lose sight of the important economic progress we have achieved, Aspe said.

During yesterday's inauguration of Banco Capital—a new institution comprising several banks belonging to the Capital Financial Group—Pedro Aspe said the banking sector is moving toward universal banking. This not only means that a wide range of financial services will now be offered through bank windows, but it also implies the creation of special market niches and increased competitive advantages in a dynamic market. According to information delivered by Aspe, the new bank will initiate operations with paid capital of 120 million pesos, and its aim will be to offer services to small and medium-sized industries, particularly in Mexico City. Banco Capital now joins the invoicing, renting, and guarantee companies previously held by Capital Group.

According to Jaime Weiss, chairman of this financial group's Board of Directors, capital has grown from 3 million new pesos at the beginning of 1990 to 420 million new pesos at the end of last month. The executive said that another division—institutional investments—has been added to the existing one—which in the coming months will feature 280 million new pesos to achieve total capital of 700 million new pesos.

Jaime Weiss also indicated that in 1993, Capital Financial Group placed 723 million new pesos in new credit among 3,563 customers, and, should this trend continue, it has scheduled the placing of more than 1 billion new pesos among 1,200 new customers.

The new institution will have a nationwide presence and is scheduled to open four branches this year. The services offered will include investment services, consumer credit, contract loans, bridge loans, and nonrevolving mortgages, along with trustee services, foreign exchange and credit services via automatic tellers, as well as others.

PRD Forum Reviews Economic Proposals

PA2106133794 Mexico City EL FINANCIERO in Spanish 17 Jun 94 p 52

[Report by Javier Rodriguez]

[Text] The Institute for Studies on the Democratic Revolution [IERD] of the PRD [Party of the Democratic Revolution] has opened a forum to analyze the party's economic proposals. At the opening session, Porfirio Munoz Ledo criticized the economic program of Ernesto Zedillo and the proposals of the PRI [Institutional Revolutionary Party] leader to "eradicate poverty" in the country.

IERD Director Efigenia Martinez also harshly criticized Zedillo's proposals and described as demagogic the plan to eradicate poverty with "programs against poverty" when investment, employment, good salaries, and a fair social policy offering equal opportunities are those things that are needed to achieve this goal.

Munoz Ledo accused Zedillo of drafting one of the most deceitful government programs ever seen in Mexico. This program, he added, was drafted at a time when the current PRI presidential candidate headed the now-defunct Secretariat of Programming and Budget.

The PRD national leader noted that in Zedillo's growth program for the country, Zedillo "did not offer a 6-percent GNP growth rate for this year, a splendid macroeconomy, higher employment, and, of course, a system to finance development that does not exist in our country." [sentence as published]

The PRD economic proposal, the party leader said, wants to become a historic program because it is designed to transform a political and economic system that will only have true meaning if the country's political system is changed through a new alignment of forces.

There is no economic model in history that is not based on a new alignment of political forces because "a true political program calls for change and a renewal of a thesis and a plan based on emerging political forces."

Munoz Ledo added that the PRD program calls for the abolition of the authoritarian system, a return of power to the citizens, the implementation of a true federalist system, a division of power, and control by the people's representatives of the leaders and of public spending.

It also calls for the establishment of municipal autonomy; dissolution of the corporate system; freedom for economic players; and the elimination of pacts, authoritarianism, centralism, and the system based on large estates [patrimonialismo]. "This is a political program to eliminate the state party system," he added.

The forum is intended to fine-tune and enrich the party's economic proposal. There will be two sessions. One took

place yesterday and the other will be held on 20 June. About 20 PRD economists and others who have ties to the party will participate.

Among the issues mentioned in the economic proposal are industrial development, foreign trade, social policies to create jobs and raise salaries, and a broad industrialization strategy that calls for restructuring fiscal policy to encourage investments and reduce inflation through increased production of goods and services to achieve a more equitable distribution of wealth.

A primary element of this strategy is the promotion of a clear-cut renegotiation of the foreign debt with the international financial community and the struggle against the country's foreign debt.

Another major element is the renegotiation of all clauses in the NAFTA accord that affect national development, while immediately exempting basic grains from this agreement and maintaining the state's autonomous power to establish tariffs, issue import permits, subsidies, and development policies to achieve self-sufficiency in food. The pact also needs to be renegotiated to neutralize the control the United States has over Mexican agricultural markets.

The program also calls for an adjustment of subsidies on exports for national agricultural producers to match those in the United States, as well as the including in NAFTA the issue of labor mobility to balance out differences in labor conditions and thereby stop the export of underpriced labor from Mexico.

It does not abandon the original PRD proposal to promote a Continental Agreement for Development, Employment, and Trade that recognizes differences between the countries in Latin America and the Caribbean and those in North America.

The program stresses the need to hold national discussions on important international agreements through referendums prior to their approval or rejection by Congress.

The PRD program seeks to hike minimum wages to guarantee goods, health, and housing to workers, and with this in mind, it proposes the elimination of the National Commission on Minimum Wages to allow the Congress of the Union to determine, in agreement with unions and employers, bases for and means of establishing minimum wages. This implies "eliminating arbitrary government meddling in salaries established by contract."

It proposes a review of the effects of the tax structure on small businesses, medium-size companies, and on middle and low-income classes, as well as a review of the distribution of fiscal obligations among federal, state, and municipal authorities in an effort to devise a fair tax system.

The PRD proposal also calls for the elimination of the 2-percent tax on company assets. It calls for a tax policy based on the principles of equity and the promotion of productive activities. In this regard, it calls for the presentation of a multiannual budget of public revenues and expenditures and the elimination of the uncertainty created by the so-called miscellaneous tax matter category.

It also proposes the gradual reduction of taxes levied on the large profits of Mexican Petroleum and the rechannelling of such funds mainly into the development of the national petrochemical industry.

Roundup of Economic Developments

PA2106191394

[Editorial report] The following is a compilation of reports on Mexican economic developments monitored through 21 June.

The Finance and Public Credit Secretariat has authorized the Mexican Association of Banks to extend a line of credit of up to 2 billion pesos to conclude a restructuring program of expired loans. Most of these loans are for the agriculture sector. (Monterrey EL NORTE (Foreign Edition) in Spanish 16 June 94 p 21A)

The agriculture and hydraulic resources (SARH) secretary has said the marketing system is the Achilles heel preventing Mexican producers access to international markets. The secretary has offered SARH support to Yucatan Peninsula producers of rice, chile peppers, sugarcane, and citrus fruits to cover not only local demands but also export goals. (Mexico City UNOMASUNO in Spanish 17 June 94 pp 1, 5)

The Mexican Bank of Foreign Trade has granted $222.1 million to the southeastern part of the country from January to May, 40 percent more than during the same period in 1993, Alberto Rio, promotion manager for that area, has reported. The sectors that benefited in the five states—Yucatan, Quintana Roo, Chiapas, Tabasco, and Campeche—were primarily agriculture, tourism, fishing, and manufacturing. (Mexico City NOTIMEX in Spanish 1957 GMT 18 June 94)

Approximately 50,000 producers owe $16 billion to the Mexican banking system, and given the impossibility of recovering the investment, the Mexican Banking Association has offered a renegotiation aimed at financing the development of the nation. The problems started in July 1993 due to the economic recession and uncontrolled growth in loans granted without guarantees that were aimed at reactivating economic growth in the past five years. (Madrid EFE in Spanish 1408 GMT 18 June 94)

According to the National Banking Commission, Mexican banking systems revenues dropped 14.1 percent during the first quarter compared to the same period in 1993, the result of a reduced volume of business, bad loans, a fall in the exchange rate, and an increase in interest rates. Nevertheless, it was stated that for the

remainder of the year, this trend could be reversed due to the government's monetary policy. (Madrid EFE in Spanish 1426 GMT 18 June 94)

Yesterday, peasant organizations stated the failure of the agricultural policy during the current six-year period has resulted in a 19-percent decrease in basic grain production, the unemployment of 2 million peasants, and an annual loss of 13 billion pesos by producers. The organizations stated the compensatory measures the executive has announced will not make up for losses in past years registering in the millions (Monterrey EL NORTE (Foreign Edition) in Spanish 20 June 94 p 15A)

Guatemala

Council on Belize To Study Border Dispute

PA2206015594 Guatemala City Teleonce Television in Spanish 1900 GMT 21 Jun 94

[From the "Telepress" newscast]

[Text] The National Council on Belize, which will be in charge of conducting a general and thorough evaluation of the dispute over that territory, was officially installed today.

An agreement to update and reorganize the National Council on Belize specifies that the entity will do studies and planning and will advise the Foreign Ministry on all matters related to the territorial dispute with Belize.

The Council will be headed by Foreign Minister Gladys Maritza Ruiz de Vielman and will be made up of the following persons, who will work without compensation: Fernando Andrade Diaz Duran, Roberto Bermejo Gonzalez, Eduardo Castillo Arriola Erwin Fernando Guzman Ovalle, (Alberto Errarte Gonzalez), Roberto Herrera Ibarguen, Carlos Larios Ochaita, Jorge Lujan Munoz, Oscar Clemente Marroquin Godoy, Gabriel Orellana Rojas, Mario Quinonez Amezquita, Jorge Skinner Klee, and Francisco Villagran Kramer.

The 8 June agreement states that the territorial dispute with Belize and the search for a solution within the framework of the Constitution and the principles of international law are matters of national interest. The document recognizes the appropriateness of the Foreign Ministry receiving the advice of qualified citizens who, based on their knowledge and capabilities, can help formulate an adequate policy to resolve the territorial dispute with Belize.

Honduras

Minister Decries U.S. Visa Application Fee

PA2106202494 Paris AFP in Spanish 1746 GMT 21 Jun 94

[Text] Tegucigalpa, 21 Jun (AFP)—Honduran Foreign Minister Ernesto Paz Aguilar today described as "unfair, lamentable, and deplorable" the $20 fee for each visa application charged by the U.S. Consulate in Tegucigalpa.

"It is unfair so much money is charged for a simple, administrative form," the Honduran minister said, reacting to a decision the U.S. Government announced on 20 June. This decision will be applied in all Central American countries.

Fernando Sanchez, the U.S. consul in Tegucigalpa, has said the charge is to prevent people who do not even have $20 from approaching the U.S. Consulate to request a visa, because their intention is none other than to migrate to the United States.

"I believe this is an unfair decision. I have said the only way to prevent large flows of Caribbean and Central American immigrants to the United States and the developed countries is by consolidating freer, stronger, and more competitive economies in our countries," Paz Aguilar said.

According to Sanchez' estimates, approximately 50,000 Hondurans go to the consulate every year to request visas, of which approximately 30,000 are granted, meaning the consulate would be receiving $1 million if the current flow of applications continues.

Roundup of Economic Developments

PA2106221694

[Editorial Report] The following is a compilation of reports on Honduran economic developments monitored through 21 June.

The Honduran private banking sector has disclosed that non-traditional Honduran exports increased by 22 percent in 1993. According to the Tegucigalpa-based Banco Atlantida, income from non-traditional sales on the international market amounted to $226 million. (Panama City ACAN in Spanish 1957 GMT 13 Jun 94)

The Central Bank Board of Directors has decided to increase its cash reserve by six points. This will begin on 16 June and is to be done gradually, increasing one point every 15 days until it reaches 40 percent on 30 September. This is a measure to prevent the sliding of the lempira with regard to the dollar and to put a stop to the spiraling inflation. (San Pedro Sula TIEMPO in Spanish 15 Jun 94 p 3)

A banking source told ACAN-EFE that the fever to save dollars in Honduras has reduced deposits in the local currency by 1.3 percent. According to this source, the country's monetary system is experiencing a "strong expansion of deposits in dollars," and has surpassed expectations in less than a year. (Panama City ACAN in Spanish 1442 GMT 18 Jun 94)

Nicaragua

Human Rights Center Makes Military Code Suggestions

PA2206010794 Managua BARRICADA in Spanish 17 Jun 94 pp 1,4

[Report by Jorge Katin]

[Text] Appearing before the special commission evaluating the Military Code proposal on 17 June, Dr. Vilma Nunez, president of the Nicaraguan Human Rights Center, Cenidh, made valuable suggestions on the Military Code bill proposal as relates to responsibilities, military jurisdiction, and military social security.

Dr. Nunez proposes that no relative—fourth degree of consanguinity and second of affinity—of the president,

vice president, or National Assembly president be appointed Armed Forces chief.

Dr. Nunez stated that "to keep civilian and military power from being concentrated in one family, we recommend adoption of the exclusions we just mentioned."

The Cenidh representative expressed her concern over "the broad and ambiguous" responsibilities given to the Army with the purpose of "maintaining institutional stability," responsibilities which clearly belong to the police.

Nunez expressed her opposition to Army involvement in actions to "reestablish order" as relates to labor or social conflicts. As an example, she pointed to the Sebaco events when several casualties resulted from the Armed Forces' methods.

"In no case can the president of the Republic declare an incident to be a mutiny, coup, or so forth and then proceed to mobilize the Army. That is a power of the judicial branch," Nunez warned.

With respect to the president's power to order Nicaraguan troops to leave the country or to allow foreign troops to enter national territory, Dr. Nunez recalled the mercenaries going through Puerto Cabezas on their way to the Bay of Pigs invasion in Cuba.

The code must be modified so the president proposes but the National Assembly authorizes.

On this issue, Dr. Nunez agrees with other experts who believe the Constitution should have been reformed first and the Military Code approved afterward.

The Cenidh also expressed opposition to including the Information Directorate for the Defense (DID) as part of the Armed Forces' structure.

Nunez warned that such actions "grant the Armed Forces a level of authority that is not theirs and which is contrary to their very nature. It encroaches upon the authority of the police force as the institution responsible for crime prevention and institutionalizes espionage to a dangerous degree."

In the area of penal jurisdiction, the Cenidh is opposed to placing the military justice structure under the chief judge advocate, as that office is subordinate to the Army General Command.

The attorney said that "it must be immediately established that all Armed Forces members charged of committing a common crime are to be turned over to the civilian justice system."

Regarding social provisions, the Cenidh says this must be accomplished "in accordance with the Constitution and the laws governing the state's administrative functions."

The Cenidh proposed drafting a regulatory system for providing social security benefits to Armed Forces members and their families.

Deputy Government Minister Frank Cesar and Deputy Police Chief Eduardo Cuadra also appeared before the commission. The extent of their participation regarding military justice was to request that the police be allowed to go before the judge advocate to have that person decide what justice system should handle specific crimes committed by policemen.

During the hearings, about 200 Liberal Constitutionalist Party activists protested outside the National Assembly building to demand that the Military Code be rejected.

EU Pledges $20 Million To Aid Producers

PA2206015694 Managua BARRICADA in Spanish 21 Jun 94 p 4

[Report by Aida Castillo]

[Text] At a news conference following the signing of an agreement between Nicaragua and the EU, Manuel Marin, EU vice president for Latin America, Asia, and the Mediterranean Region, said the EU does not agree with the United States on the move to remove the financial aid offered to the Nicaraguan Government should the property issue remain unsettled.

The agreement, called "The Consolidation of the State of Law and the Promotion of the Economic Takeoff in Rural Nicaragua," offers $20 million to small- and medium-scale producers in the Nicaraguan northern and Pacific zones. This donation will be disbursed within five years.

The agreement's main objective is to authorize the use of and issue property titles to more than 220,000 manzanas belonging to small- and medium-scale producers. This plan approves the use of 70 percent of the country's land.

In addition, the agreement will sponsor the creation of a *savings and loans network* (30 branches) as a financial source for peasants, who will also be legally and physically trained to keep their properties.

Marin ratified the support for the Nicaraguan Government with the signing of this development project and pointed out that within the peace process this project will "be used to attract investors to Nicaragua, which needs them greatly." He added that, along with other donor countries, the EU is supporting the Nicaraguan effort to have the Paris Club forgive its foreign debt. However, he maintained that receiving "this much economic aid" is unhealthy, adding "Nicaragua should be attempting to receive less."

Blandon Talks About Paris

Since 1990, the EU has given a third of the economic aid this organization allocates for Latin America—more than $80 million—to Nicaragua.

The EU official met yesterday morning with President Violeta Chamorro, who was accompanied by Deputy Foreign Cooperation Minister Sergio Mario Blandon. He stressed the results of the Paris meeting held by the World Bank Advisory Group, in which Nicaragua was offered $750 million in economic aid for this year. Blandon pointed out the amount of money deemed necessary to "close up and implement" the Enhanced Structural Adjustment Policy Program signed with the IMF was obtained at the Paris meeting.

Questioned on how the disbursements will be made, the deputy minister explained the Nicaraguan Government will try to have the funds "disbursed as soon as possible." He also said "payments are made according to schedules, because not only countries but also international financial institutions are involved." Blandon stressed that $60 million in economic aid for this year are included in the $750-million package. "This means these additional funds will be available to be invested in production." The government had previously said that additional funds for 1994 would amount to $75 million.

Swedish Authority Grants $5 Million in 5 Areas

PA2106201294

[Editorial report] Managua BARRICADA in Spanish on 19 June on page 4 reports the Swedish International Development Authority has disbursed $5.5 million to benefit the poorest sectors in five municipalities of western and northern Nicaragua. This will be done through credits to improve housing conditions and promote small businesses. It is estimated approximately 4,000 small businesses will benefit from these credits.

Panama

Foreign Ministry on Inability To Accept Haitians

PA2106200994 Mexico City NOTIMEX in Spanish 1757 GMT 21 Jun 94

[Text] Panama City, 21 Jun (NOTIMEX)—Panama has informed the United States that it is impossible for Panama to receive Haitian refugees because of the serious economic crisis the nation is experiencing, the Foreign Ministry reported here today.

Acting Foreign Minister Carlos Cordero said: "We have cooperated and will continue offering aid to the Haitians, but at this time it is impossible to receive them." After noting Panama's current high unemployment rate (15 percent), Cordero said a mass influx of Caribbean refugees would only worsen the Panamanian people's economic and social situation.

Last week the Panamanian Government denied press reports announcing the arrival of refugees in Panama. Recently, President William Clinton suggested to the nations of the region that they receive Haitian citizens who are fleeing the island because of the serious political crisis that threatens to end in a U.S. military invasion.

Argentina

Di Tella Views Upcoming Menem Meeting With Clinton

PY2106214094 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1159 GMT 21 Jun 94

[Text] Buenos Aires, 21 Jun (NA)—Foreign Minister Guido Di Tella today emphasized "the importance" of the meeting Presidents Carlos Menem and Bill Clinton will hold on 24 June because "it is a good signal for investors."

Di Tella justified the presence of entrepreneurs Armando Gostanian and Mario Falak, barber Tony Cuozzo, and golf coach Fidel de Luca in the presidential entourage, which is in Canada, on the grounds that they "are close to the president and he wants them to come. Period."

In statements to Radio Continental, Di Tella this morning explained that "empty seats on the presidential plane do not mean savings," in an attempt to justify the presence of those people in the official entourage.

The minister added: "It is good for Argentine taxpayers to pay for a trip for Menem to meet Clinton because of the meeting's significance. This meeting will add new political significance to our relations with the United States."

Concerning Menem's visit to Canada, Di Tella emphasized that the nuclear cooperation agreement is the most important accord to be signed. He explained that this cooperation "is possible because Argentina has become a nonproliferation country," adding that "in the past, with our proliferation policy, we had no chance to have access to technology or cooperation."

Di Tella thus alluded to a government decision to deactivate the Condor-II missile project and other suspicious nuclear developments.

"In his meetings with Canadian officials, Menem always refers to the current Argentine situation and the economic changes. He thus paves the way for entrepreneurs, who are the ones who then engage in partnerships, credits, or joint projects," he said.

Di Tella said he doubted that President Menem will attend the game the Argentine and Nigerian soccer teams will play in the world tournament on 25 June because of the changes in the agenda after confirmation of the meeting with U.S. President Clinton.

Editorial: Ibero-American Summit Without Importance

PY2206035594 Buenos Aires LA PRENSA in Spanish 21 Jun 94 p 8

[Editorial: "A Summit of Naiveties"]

[Text] The Cartagena de Indias summit, the fourth of its type in the past few years, concluded uneventfully, as can be said of events that do not have very much importance. The tournament of rhetoric could not even electrify the attention of analysts, as every paragraph is a reiterated condemnation of affairs, topics, and archaic turns of phrases that are already very well known. The ceremonial opening and closing sessions were what attracted the television cameras and photographers. If we had to mention something other than the ritual speeches by Colombian President Cesar Gaviria and Argentine President Carlos Menem, then we would have to say that Fidel Castro's stylized shirt was a general commentary on the meeting. Since just after the Sierra Maestra guerrillas entered Havana, he has never given up dressing in his green uniform. The Cuban dictator loped through the summit like a protagonist without a role. He was barely able to draft a paragraph in which he "bitterly" complained that the Final Declaration (approved by consensus) did not contain one line on the "American sanctions," a topic on which the Argentine foreign minister informally and correctly said that "Cuba is in a position to buy what it needs in Canada, Europe, and a large number of other countries." Of course, the Final Declaration contains chapters on "integration" in a hemisphere where words deny facts, and outlines its opposition to any kind of attempt to cause problems regarding trade links, transactions, and negotiations linked to production, exports, and exchange of products between the hemisphere's nations. Finally, it cannot but mention the Argentine president's move to propose that the Final Declaration contain a condemnation of the practice of abortion—currently being promoted inappropriately by the United Nations—a motion that regretably did not receive the hoped for effect. Nevertheless a valuable precedent remains: that in international forums our country defends the life that is about to be born, which is like saying that we are betting on the future.

Oil Prospecting Around Falklands Discussed With UK

PY2206014594 Buenos Aires CLARIN in Spanish 19 Jun 94 p 21

[Text] According to a DYN news agency dispatch, the Argentine and UK Governments will begin negotiations on possible "offshore" oil exploitation around the Malvinas Islands. A special commission has been charged with conducting the talks, which will start on 1 July. Deputy Foreign Minister Fernando Petrella will head the Argentine mission.

In an interview with DYN, Foreign Ministry Secretary General Andres Cisneros asserted that "we have agreed to sit down at the negotiating table, to see how we can avoid having future oil exploitation affect the interests of the parties involved." He thus alluded to the Argentine-UK controversy over the sovereignty of the Malvinas Islands.

Cisneros pointed out that in the course of the talks "Argentina will use all the legal and political resources it has at its disposal to claim its rights before the governments and companies interested in tapping oil in the area."

Around the end of the year, or at the beginning of 1995, the British Government allegedly intends to license several offshore ventures for hydrocarbons prospecting in the area near the Malvinas Islands. This move is reportedly based on prior studies claiming that the area could be rich in oil and gas.

A report drafted and published by the British Geological Survey--consultants for the Malvinas' British authorities—argues that recent seismic studies over an area extending 200 square km around the Malvinas Islands revealed the existence of sedimentary basins comparable to the North Sea oil fields (which belong to the United Kingdom).

The Argentine Government questions the real perspectives for a feasible exploitation of these resources from an economic standpoint. It has even expressed certain reservations about the interest international companies allegedly have in participating in oil prospecting in the area.

The executive branch is nevertheless getting ready to tackle a round of negotiations with the British Government to be held in London and in Buenos Aires, as was decided last year by the High Level Group in charge of conducting bilateral economic and political negotiations under the so-called diplomatic umbrella agreed upon by both parties in 1990, which leaves out the question of sovereignty over the Malvinas Islands.

Cisneros conceded that "Great Britain continues to show hostility toward Argentina in international forums. The islanders refuse to establish any kind of trade with the only neighbor they have in the world, and react to it as if it were an uncouth and hostile country even though 12 years have already elapsed since the war."

Cisneros concluded by ruling out the possibility that the United Kingdom might decide to go ahead in the development of an oil prospecting scheme in the Malvinas islands without having reached prior agreement with Argentina.

UCR Document Contends Party Poised for Comeback

PY2206034194 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1549 GMT 17 Jun 94

[Text] Buenos Aires, 17 Jun (NA)—The chairmen of Radical Civic Union [UCR] party districts stated on 17 June that their party "is poised to once again become a government alternative and a real and credible option." They labeled the current administration "incapable" of solving the problems confronting the country.

Party leaders on 16 June held a plenary session convened by the Political Action Committee presided over by Cordoba Governor Eduardo Cesar Angeloz. They issued a document on 17 June in which they stated that "the UCR faces two challenges—to reorganize the party and achieve its unity, and to become an alternative within the opposition. [no closing quotation marks as received]

They stressed that the establishment of the Political Action Committee "is a signal to society and to the party itself that the UCR is capable of overcoming differences."

The document went on to say that "we are seeking to reestablish unity within the party, a party in which different styles and leanings may coexist with one another, but which presents a united front when it has to define a course of action, measures, and a national model."

Each of the 24 party district chairmen took the floor at the plenary session to present an analysis of each province's economic, political, and social situation. Commenting on these presentations, Angeloz said that some of them "painted pictures that made one's hair stand on end."

Having analyzed the social, economic, and political situation of each province, as well as the party situation in each district, the document underscored that the UCR "is poised to once again become a government alternative."

It contended that "the government, which offers stability, is incapable of offering Argentines a formula to meet the country's main necessities: genuine growth and active social policies."

In conclusion, the document stated that "the UCR is again in a position to represent the dynamic forces of society, and is ready to transform and modernize Argentina."

Alleged Shining Path Terrorist Released

PY2106215194 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1634 GMT 19 Jun 94

[Text] Buenos Aires, 19 Jun (NA)—Peruvian citizen Jorge Diaz Reategui, who was detained a week ago in the city of Tucuman on charges of being a member of the Shining Path [SL] guerrilla group, was released after it was confirmed that he is no longer a SL member.

Diaz Reategui was released on 17 June after an Interpol report confirmed that Diaz Reategui is a SL deserter who received special OAS political asylum.

The Peruvian police have confirmed that no arrest warrant has been issued on Diaz Reategui. It was also confirmed that his Argentine residence permit is authentic.

Diaz Reategui was detained at a hotel in the poor district of "El Bajo," near the bus terminal of the city of San Miguel de Tucuman. At the time of Diaz Reategui's detention, it was reported that he was participating in a meeting with other alleged guerrillas who escaped.

Interior Minister Carlos Ruckauf accused Diaz Reategui of participating in protests in some northern provinces. Ruckauf noted that those who were meeting with Diaz Reategui "had been spotted in other parts of our country, participating in public disorders."

Bolivia

Armed Forces Commander Interviewed

PY2006184894 La Paz PRESENCIA in Spanish 10 Jun 94 p 2

[Interview with Armed Forces Commander General Fernando Sanjines Yanez by unidentified reporter; date and place not given]

[Excerpt] [PRESENCIA] What is the Armed Forces' concept of democracy?

[Sanjines] That it is important, necessary, and good for the country. This is why we should have it and keep it. Under this concept the Armed Forces will always be subordinated as a disciplined military organization and organized through a vertical structure in accordance with the Constitution, which entrusted us with the mission that must be fulfilled.

Sometimes it is difficult to satisfy every expectation within and outside the institution. Like all institutions, we are currently basically affected by the economic situation, and we must adjust to what is available, to the conditions of the country.

We have thus drawn up the Initial Concept Plan which basically means that the budget, which is allocated by the state, must be used by the Armed Forces to modernize and improve their operational capabilities and to carry out the assigned mission which has two parts: To defend sovereignty and to help the country's development.

The Initial Concept Plan is a document that will be distributed by the Central Command to the Armed Forces commanders once the government's basic plan has been settled, taking into account the guidelines of the commander in chief of the Armed Forces on foreign relations, domestic relations, etc.

This document was issued last January, and there has now been time to discuss it and to devise the best method of action, as is called in the general staff. Orders will soon be issued to the commanders to make the required changes on matters related to operations, personnel, and material, etc.

[PRESENCIA] In general terms, what is the Initial Concept Plan?

[Sanjines] It is a logical reorganization of the Armed Forces equipment and other resources. I believe we expanded too much, and our budget does not allow us to cover that expansion.

We have tried to improve some units and to strengthen others to be more effective because they may not carrying out a logic, positive action.

We want to improve the social aspect within the Armed Forces, to improve the life of officers, noncommissioned officers, and soldiers.

This is not easy because we have expanded too much. In other words, sometimes we created units where we should not, where our logistical needs were great and not well taken care of. There was maybe no need to create those units.

We want a more coherent situation within the institution. In the past the Armed Forces bought things that were not really needed. We must now adjust to a new situation. If we have to sell some of those superfluous things, we will do it. We are trying to be more realistic.

[PRESENCIA] Does this means personnel reduction?

[Sanjines] No, this does not mean reducing personnel. We are adjusting things. Sometimes useless spending is approved, for things that are not needed. For example, there is no need in the Air Force to have a special type of computer in a unit that will make no good use of it, but there is a need in the Air Force for communication equipment for planes. This is the type of change we want to make.

The same idea applies to the Army. There are places where personnel were increased, but they were not very effective operationally (not for lack of know-how but for lack of budget). Some units should control their personnel, but are unable through a lack of effective communications system. If we lack an effective communications system, why should we have a division that has no control over the units dispersed over a wide area? This is what we are doing.

[PRESENCIA] What does support for the development of the country means?

[Sanjines] The Armed Forces have supported the country's development for a long time, but we were unable to explain this to society because we are not experts on this matter and also because the Armed Forces do things anonymously, the way it should be done. This was lacking; for many years society did not receive a clear image on this aspect of the Armed Forces.

We continue to support the country with the same trustworthiness of the past, but perhaps in a more organized manner.

Education particularly pleases us, because in addition to training a soldier, we are also giving him a technical education so that when he returns to his community he

can teach others how to improve agriculture, how to protect the environment and so on .... We carry out several activities which, beyond just the military training of handling weapons, also teach a soldier do that type of work.

[PRESENCIA] The Constitution says military men cannot become a deliberating body. Do you agree with that concept?

[Sanjines] Yes, I believe it is important. Yet this does not mean military officers cannot have political views like anybody else. Obviously our echelon of command, our regulations, foresee that when views emerge, they can be made known to a superior in a military unit, in meetings with a commander. This is how ideas reach the high command. The commander then conveys these ideas to the president who should know about them. It would be unprofessional for a military officer to issue his own personal opinions.

[PRESENCIA] Have the Armed Forces made any suggestions for the constitutional reform?

[Sanjines] Yes, we have worked in some seminars, but I don't want to get into this issue ...

[PRESENCIA] What is the meaning of sovereignty for Bolivians at the end of the millennium?

[Sanjines] It means having a real participation in the international community. Without it the factors of sovereignty would be weakened.

If we continue to be dependent, we continue to be vulnerable. I believe the country should begin to develop and work on a stronger national character without seeking divisions. Major disagreements should end.

I believe national unity should be achieved first in order to demand more work from everyone based on that achievement. We must all work much harder. It is not enough to work eight hours a day for the next five or ten years, we should work at least two more hours a day. If we do that we will strengthen our sovereignty.

[PRESENCIA] Regarding strategies, when we talk about borders, are there any threats ahead?

[Sanjines] One never knows how the world will react in the next five or 10 years, how regions, countries will react.

What we know for sure is that as time passes needs become greater, and in the face of those needs the countries will try to satisfy them. We must bear that in mind, that we are the only ones who will defend what is ours. This is why we must make long-range plans which means thinking about a national doctrine.

[PRESENCIA] Is the doctrine being drawn up?

[Sanjines] Yes, we are working on a joint doctrine because we haven't had one for a long time. In some way this is a criticism. We in the military wasted our time on other matters outside the Armed Forces. Perhaps there was a time when everyone was thinking of the government either for personal reasons or for lack of political leadership. We should have learned from the Chaco War experience and turn our entire attention to the Armed Forces. As military men we should seek to improve the doctrine and have something well defined. It is never too late, we are involved in it, and I believe it is important for the country to define a doctrine.

[PRESENCIA] How do the Armed Forces view the demand for decentralization?

[Sanjines] This issue should also be handled with great care. We are the protectors of national unity and on this issue we want to be very clear: We are concerned about a total decentralization. We recommend that decentralization should be just administrative, or we could reach a situation no one wants. [passage omitted]

Government Denies 'Secret' MNR-MIR Agreement

PY2206032694 La Paz PRESENCIA in Spanish 12 Jun 94 p 1

[Text] Santa Cruz, 11 Jun (PRESENCIA)—Acting President Victor Hugo Cardenas said today that the country does not need any kind of political deal or secret "agreement," as he would be the first to report such cases.

Cardenas made this comment in reference to reports about a tacit agreement between the MIR [Movement of the Revolutionary Left] and the MNR [Nationalist Revolutionary Movement] by which no charges would be filed against national MIR leaders for their links with drug trafficking, in exchange for a harsh sentence for Justices Edgar Oblitas Fernandez and Ernesto Poppe Zubieta.

Cardenas rejected the validity of that report, saying that there are no real elements to sustain the media reports of a "dubious political scheme" between the MNR and the MIR regarding the two issues. Cardenas asserted that the government wants to do justice and not break it.

He said, however, that if a situation such as that reported by the media emerges, "I would be the first to report it and condemn it, as this type of agreement or deal can only hurt the country and the democratic process that was so hard for the country to recover."

President Gonzalo Sanchez de Lozada himself categorically denied the media report before leaving for Colombia and the United States, saying that "our struggle is against corruption. We don't negotiate these cases, and although we don't want to hurt anyone, our will is to enforce the law."

'Unsavory' Alliance To Control COB Reported

PY2106235994 Santa Cruz EL MUNDO in Spanish 11 Jun 94 p P2

[Excerpt] Tarija, 10 Jun—Just as everything seemed to indicate that Edgar Martinez, the candidate of the Trade Union Federation of Bolivian Mine Workers, would be the next COB [Bolivian Labor Federation] executive secretary, there has been a turnabout: At the very last minute the miners withdrew their candidate because they realized that he would not get enough votes. Thus Oscar Salas was reelected by landslide.

The alliance between the ruling party and the ASD [Democratic Socialist Alternative] was sealed at the lengthy plenary meeting of the 10th COB Congress, which started at 1600 on 9 June and ended at 0815 the next day. The workers call this alliance "unsavory."

Before the voting started, Fred Nunez, one of the workers' leaders, claimed "the ruling party had prepared" a list of candidates that they circulated among workers. This "ticket" comprises ASD, MNR [Nationalist Revolutionary Movement], and UCS [Solidarity Civic Union] members. The reading of this ticket did not elicit any comments, and the congress elected the new COB executive board. [passage omitted]

COB Executive Secretary Views Congress Results

PY2206003694 Cochabamba LOS TIEMPOS in Spanish 12 Jun 94 p A12

["Highlights" of interview with Oscar Salas Moya, the reelected Bolivian Labor Federation, COB, secretary general, by Edwin Miranda; place and date not given]

[Text] [Miranda] Please give us your general opinion on the results of the 10th COB Congress.

[Salas] Right from the start, the COB assembly decided to reorganize the Bolivian labor union movement. Reports by the seven COB working committees all reflect the workers' demands on the need to defend their and the country's interests.

We attained our first objective: the first proposal regarding changes and amendments to achieve a modern labor organization in keeping with the current political situation in the country and world was approved in a political document of the 10th COB Congress.

The assembly has ended, and the results of the COB Congress are quite clear and objective. The COB ratified its strong opposition to neo-liberalism, to the government's socio-economic policy, and ratified the prospect of changes within the COB to safeguard its institutional existence.

The Congress fulfilled the objectives established at the start as a result of the vision and responsibility entrusted to it by its grassroots.

[Miranda] What does the approved political document state?

[Salas] This document will guide the COB's organic life for the next few years. Aside from the documents that were approved—the congress discussed three documents—I want to point out something very important that the workers must follow: To uphold the proposals referring to the struggle and life of the Bolivian workers.

More often than not these documents do not tacitly express the legitimate rights of the working class of a nation. In my opinion the most important thing is to organize, guide, and meet the workers' most urgent needs.

Political parties should not impose their policies on the workers. The charges made against me in this regard are false and by no means reflect the truth.

Obviously I am a member of the ASD [Democratic Socialist Alternative], but this in no way means I will blindly follow the ideology of my party. There is enough will and autonomy to adopt decisions and I will see to it that these principles are respected.

[Miranda] What political tendency will the COB follow?

[Salas] One thing is clear: Oligarchy and U.S. imperialism is spreading in Bolivia, seeking to impose a long-term hegemony that will affect the Bolivian economy, society, and politics.

We are fully aware that this foreign intervention policy causes suffering to the people and affects the country's interests.

The policy that will guide the COB's organic life will be to implement a labor policy that will prevent that hegemony.

We will wage a total struggle against imperialism and to adopt a staunch civil resistance to neo-liberalism in Bolivia.

[Miranda] What are the positive results of the COB Congress?

[Salas] A political debate within the Bolivian labor sector is necessary, absolutely necessary. It improves the organization's life and guides fellow workers. I maintain, however, that the legitimate interests of the workers are paramount.

I am absolutely convinced that any political stance within the COB is important and deserves to be respected within the democratic framework that has characterized the activities of the workers in the labor union.

Ideological confrontations are normal. However, I insist that the workers' plans come above everything else.

I urge miners, peasants, railway workers, labor unions, and all other COB members to place the unity of the working class above any ideological disagreement.

They must place the unity of peasants, of those who do not earn a salary, above everything because only thus will the COB be strong enough to defend the interests of the working class.

Future of COB Without Miners' Support Viewed

PY2206012294 La Paz LA RAZON in Spanish 13 Jun 94 p A2

[Article by Patricia Almaraz]

[Text] As of today the Bolivian Labor Federation (COB) will begin a new period that will not merely be a continuation of the present. According to what was observed, the big difference is that the COB no longer has the support of the miners, its political guidelines are linked to those of the current government and are without structural changes.

After 10 days of meetings, the 10th COB Congress concluded early on the morning of 10 June in the city of Tarija. The expectations of its members and of the government itself were focused on that congress, awaiting the consolidation or rejection of the theories of change and organizational and internal adjustments to the COB.

But the reorganization did not take place, and the congress ratified the COB as a "classist and labor" union organization that recognizes the importance of those who do not earn a wage, receives them as important allies, admits their numerical importance, while the political and ideological lines are established by the proletariat.

Unlike in previous years, the COB will be led by a union leader and guided by a political document which follows that ideological trend: Oscar Salas of the Democratic Socialist Alternative (ASD).

For the first time in its history, the COB will not have the support of one of the most important sectors: the miners. The COB executive secretary, who was reelected, said this will surely weaken the organization a bit.

Opposed to this idea, the most radical within the union claim the result of the congress could increase a polarization of positions at the grassroots in the absence of a board that represents the demands of all members.

In an unusual form of election, Salas and the executive committee that will accompany him during the next two years were elected by designation of each of the sectors and not by the congress, which is the top union authority.

The designation of Executive Secretary Oscar Salas and of Finance Secretary Carlos Camargo was established after they left the congress; the installation of the new union board was held in absence of the top leader and half of the congress participants.

The organization of the executive committee which will be led by Oscar Salas does—as he himself admitted—strongly favor parties of the government coalition, 50 percent in total. Among them are leaders of the MNR [Nationalist Revolutionary Movement], of the MBL [Free Bolivia Movement], and of the UCS [Solidarity Civic Union], while the rest comprises the ASD, Eje Pachacuti [Pachacuti Axis Movement], Comunero, Condepa [Conscience of the Fatherland], MIR [Movement of the Revolutionary Left], FRI [Revolutionary Front of the Left], POR [Revolutionary Workers Party], and the PIE [expansion unknown] of the Filemon Escobar trend.

Salas said this has little importance because during the previous administration the COB was fully controlled by the Patriotic Accord.

$21 Million Budgeted for Coca Eradication

PY2206010494 Cochabamba LOS TIEMPOS in Spanish 13 Jun 94 p A1

[Text] La Paz, 12 Jun (ANF)—Minister of Government German Quiroga has stated that the administration has $21 million to replace with other crops the coca plantations on 35,200 hectares in the subtropical region of Cochabamba Department.

He explained that this investment is included in this year's budget, and will be implemented provided the peasant leaders allow it and do not oppose the voluntary eradication of coca.

Quiroga admitted that peasant union leaders are one of the main obstacles for the Alternative Development Program, as they are urging union members to oppose voluntary eradication in order to obtain more benefits.

Government sources have explained that through alternative development the Chapare—Bolivia's top coca-producing region, and the world's second largest—will benefit from agricultural development that will eventually replace the drug-driven underground economy.

According to the sources, the products that will replace coca will be: bananas, pineapple, heart of palm, fodder, crafts, and other profitable items.

According to information obtained from the "First Itinerant Show: Bolivia Free from Drugs," at the end of November 1993 the country had 47,200 hectares of coca plantations, that is, 35,200 hectares in excess of the 11,725 hectares needed to supply traditional uses.

At that time the nation's overall production of coca leaves from these 47,200 hectares was 82,800 tons, of which 71,075 tons went to drug traffickers.

These figures will decline once the voluntary eradication program is under way. The U.S. Government has offered

to contribute $20 million to the program if Bolivia complies with the eradication target of 5,000 hectares.

Government: Growers 'Unwilling' To Eradicate Coca

PY2206033294 La Paz LA RAZON in Spanish 12 Jun 94 p A2

[Text] Government Minister German Quiroga has said that the leaders among the coca growers are unwilling to eradicate their surplus coca plantations, and that they are not fulfilling their commitment with the executive power.

While the government is willing to invest about $21 million in alternative development as the coca surplus is being eradicated, Quiroga revealed that the coca leaders are visiting the settlements of Carrasco Province in the Cochabamba Department to convince the growers not to eradicate coca.

Quiroga announced that to correct this situation the government will do "something" to lower the price of coca.

He said: "If we don't get the price of coca produced for drug trafficking to drop, the policy of voluntary eradication will fail."

According to the minister, the only reason coca is well paid by drug traffickers is because there is no adequate control system for marketing coca.

This has been proven by the government, which is sure that when the main coca market in Sacaba operates without control the price of coca increases some 20 to 25 percent.

"As soon as the Sacaba market is put under control, the price tends to drop," said Quiroga, who indicated that coca prices will drop if the five coca markets are kept under control.

Officials View Alternative Development to Coca

PY2106215694 La Paz PRESENCIA in Spanish 12 Jun 94 p 7

[Article by Delfin Arias Vargas]

[Text] According to several government officials, alternative development, understood as a process of socioeconomic transformations, is the main instrument intended to reverse the economy that depends on coca in the Chapare region.

According to official data provided by the Government Ministry and other state and private institutions that work in programs seeking to replace coca crops with other products, those remarks are based on the gradual increase in agroindustrial activities in that controversial area.

Although this solution is apparently feasible, there are several objections such as the inconceivable influence of drug traffickers to maintain justifiable prices for the surplus coca leaves, the precarious economic situation of most peasants in the Chapare region, and the lack of assured markets for the products they intend to replace, without mentioning the industrialization of coca for a reduced national market that makes the project already approved by the executive branch unfeasible.

Notwithstanding this situation, government officials claim that the change is possible. They argue that in the past few years the investment of more than $200 million in the region has helped conduct a gradual transformation that will help improve the production capacity and the growth of alternative crops.

Gaston Martinic, chairman of the National Fund for Alternative Development (Fonadal), stated: "If we manage to make the peasants understand this, namely the peasant producers of coca, we will be paving the way toward the fulfillment of the anti-drug fight's objectives, in addition to achieving a process for development and voluntary replacement of coca crops."

In a seminar sponsored by the La Paz Reporters Association, Martinic explained that preliminary studies have determined that the share of the coca-cocaine economy in the country's GDP in 1987 was 26 percent. He added that coca production yielded $238 million, mainly benefiting drug traffickers.

Since then, drug enforcement action has allowed substantial achievements, including the eradication of almost 25,000 hectares of coca crops considered illegal by Law No. 1008. However, the action has caused the loss in value added tax revenue of $472.3 million for the country, which uncovered the national economy's dependency on the coca-cocaine circuit, Martinic added.

Official reports on projects carried out through March in Chapare allow us to cite the following results that, considering the 250,000 inhabitants living in that region, cannot be called successful, according to peasant leaders, who even question the figures' accuracy.

With the support of U.S. AID and the UNDCP [expansion unknown] of the United Nations, 818 km of roads were restored, 618 km were made usable, and 19 bridges were built in the region.

They said that in the past few years U.S. AID has subsidized the construction of 38 schools, the provision of drinkable water to 59 towns, the revamping of 15 community centers, and a vast social assistance program.

Concerning electric services, 394 km of primary lines, 110 km of secondary lines, and 24 transformers were installed, and 1,165 street lights also were installed.

The same reports add that the increase in alternative crops, which despite the gradual increase, only matches the surplus coca crops estimated at 35,500 hectares.

Bananas: A total of 7,075 hectares were planted in 1986, but in 1993 banana plantations reached 10,875 hectares. Pineapple: In 1986 a total of 395 hectares of pineapple were harvested, but 2,618 hectares were planted in 1993. Black pepper: The first crops reached 32 hectares in 1993. Passion fruit: A total of 63 hectares of this fruit were planted in 1993. Subsistence crops: In 1986 a total of 8,000 hectares were planted, while in 1993 planting reached 11,558 hectares. Heart of palms: A total of 241 hectares were planted in 1993 alone.

Assets Confiscated From Traffickers Misappropriated

PY2206021194

[Editorial Report] La Paz HOY in Spanish on 12 June carries on page 18 a 1,500-word report datelined Santa Cruz by Jose Manuel Pando, who notes that "the assets seized from drug traffickers, instead of being used for social projects, go into the pockets of a few and disappear into thin air."

The report states that "five years after Law 1008" (the Repentance Law) "was implemented, the state and society have hardly benefited from the confiscated goods of millionaires, which because of inadequate government policy get lost irretrievably."

Pando comments that "Law No. 1008 authorizes drug enforcement authorities to confiscate assets and investigate the origins of dubious fortunes, and in a few years has allowed the confiscation of mansions, farms, vehicles, aircraft, property, jewelry, and money worth more than $50 million, but unfortunately most of these goods have been stolen or misused."

The report then notes that Santa Cruz District Attorney Francisco Borestein commented not long ago that the assets seized from drug traffickers were misused, and that there were questions as to how the large sums of money seized from drug traffickers have been used. He also said that many assets had disappeared, such as was the case with several vehicles, because of poor administration.

The report then mentions Government Minister German Quiroga as having noted that the money seized from drug traffickers is placed into the hands of judicial authorities, while not long ago Attorney Ives Padilla said that the Office of the Attorney General is not in charge of administering and guarding confiscated assets because the Office of Confiscated Assets does that.

After describing several cases in which public servants misused the assets confiscated from drug traffickers, the report mentions that according to recent information there are 214 confiscated vehicles and some 100 houses in Santa Cruz alone that run the risk of deteriorating or being looted by public servants.

Brazil

Itamar Franco's Trip to Portugal Canceled

PY2106134394 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 20 Jun 94

[Text] The trip President Itamar Franco was supposed to make to Portugal on 25 June has been canceled. Franco was supposed to attend a meeting of chiefs of government of the seven Portuguese-speaking countries, as well as to hold work meetings with Portuguese President Mario Soares and Prime Minister Anibal Cavaco e Silva.

Press Secretary Fernando Costa said that the trip was canceled due to the death of the president's nephew and private secretary Ariosto Franco.

Armed Forces To Buy $800 Million in Equipment

PY2106134194 Sao Paulo FOLHA DE SAO PAULO in Portuguese 18 Jun 94 Section 1 p 9

[Text] Brasilia—The Bank of Brazil (BB) will facilitate the Army's purchase of arms and military equipment from domestic and foreign markets.

The BB will act as the guarantor of loans from international organizations earmarked for purchasing military items for Brazil. The Finance Ministry is still studying the bank's lending this guarantee.

President Franco has authorized the purchase of $800 million in military equipment for the Armed Forces, most of which will go to the Army.

Country Among Leaders of Copiers of Software

94SM0365C Sao Paulo GAZETA MERCANTIL in Portuguese 28-30 May 94 p 13

[Article by Heloisa Magalhaes: "Business Losing to Piracy"]

[Text] Rio de Janeiro—Brazil is not a leader among the countries pirating software, but it is among those that do the most copying. Last year it failed to bill $572 million for computer programs, and the use of pirated programs totaled 83 percent. Those figures are from the Business Software Alliance (BSA), an international body that combats the illegal use of programs. It is estimated that $12.8 billion in software was not billed throughout the world in 1993 because of "piracy."

Rate of Piracy and Losses in 1993

Country	Percent	Losses*	Country	Percent	Losses*
Europe:			**Africa, India, Middle East:**		
Germany	57	1,584,104	Saudi Arabia	90	82,320
Austria	42	48,430	South Africa	45	54,603
Belgium	68	79,179	Cyprus	91	3,640
Denmark	60	69,565	Egypt	93	84,156
Spain	88	332,500	United Arab Emirates	99	54,465
Russian Federation	98	75,460	India	76	164,900
Finland	67	43,002	Israel	81	52,107
France	66	833,139	Kuwait	98	25,453
Greece	75	81,140	Nigeria	83	1,403
Ireland	83	45,033	Pakistan	99	3,200
Italy	50	324,197	Turkey	86	140,190
Norway	67	59,104			
Netherlands	78	215,867	**Latin America:**		
Poland	94	215,700			
Portugal	77	46,865	Argentina	74	111,530
Czech Republic	86	185,000	Bolivia	96	10,213
United Kingdom	49	492,121	Brazil	83	330,628**
Sweden	54	102,010	Chile	83	45,285
Switzerland	44	68,459	Colombia	71	44,408
			Mexico	80	155,610
Asia:			Panama	80	2,000
			Paraguay	94	11,580
Australia	47	116,939	Peru	98	25,033
China	94	595,881	Uruguay	90	16,157
Singapore	63	32,168	Venezuela	72	69,545
Korea	78	646,020			
Hong Kong	66	48,994	**North America:**		
Indonesia	99	122,437			
Japan	80	1,960,997	Canada	59	234,074
Malaysia	98	86,908	United States	35	2,253,286
New Zealand	69	35,966			
Taiwan	84	183,900	Total		12,840,204
Thailand	99	133,312			

* Losses in thousands of dollars.

** In Brazil, total losses including operating systems are $572 million.

Source: BSA.

There are many countries where more than 90 percent of the software in use has been copied. Among them are Poland (94 percent), the Russian Federation (98 percent), Indonesia (99 percent), China (94 percent), Thailand (99 percent), Egypt (93 percent), the United Arab Emirates (99 percent), Bolivia (96 percent), Peru (98 percent), and Paraguay (94 percent). The Asians take first place in the piracy ranking, according to the BSA.

The countries where the least copying is done are Austria (42 percent), Switzerland (44 percent), Australia (47 percent), South Africa (45 percent), and the United States (35 percent). Although the United States ranks among the lowest, it is also the country that loses the most money because of copying. It fails to bill $2.25 billion and is followed by Japan (80 percent) at $1.58 billion. In the most highly developed European countries, the rate of copying averages from 50 to 60 percent.

Poll Shows Lula, Cardoso as Runoff Contenders

PY2106133494 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 17 Jun 94 p A6

[Excerpts] The latest poll by Gallup Institute was conducted between 4 and 15 June. It was conducted exclusively for O ESTADO. It reveals that if the presidential elections were held today, there would be a runoff election. Those polled were shown the list of candidates. PT [Workers Party] candidate Luiz Inacio Lula da Silva and PSDB [Brazilian Social Democracy Party] candidate Fernando Henrique Cardoso received 37.9 and 22.8 percent, respectively, of the votes. This shows that they would have to participate in a runoff election.

These percentages for the two main candidates are very similar to the ones in the previous poll. Compared to last month's poll, the popularity of Lula and Cardoso dropped by 0.4 and 0.7 percent, respectively. [passage omitted]

As for the other candidates, Leonel Brizola obtained 7.6 percent, Orestes Quercia received 6.8 percent, Esperidiao Amin received 2.5 percent, Eneas Carneiro received 2.0 percent, and Flavio Rocha received 1.1 percent. [passage omitted]

Businessmen 'Fear' PT Win; Will Continue To Invest

PY2206010694 Sao Paulo FOLHA DE SAO PAULO in Portuguese 19 Jun 94 Section 1 p 13

[Article by Clovis Rossi]

[Excerpt] Brazilian entrepreneurs fear a possible victory by presidential candidate Luiz Inacio Lula da Silva (PT) [Workers Party] in the elections. Nevertheless, they do not intend to divert their investments to foreign countries.

This is the main finding of a survey conducted on 6 June by Datafolha among 393 businessmen throughout the country. More than three of four of the businessmen polled (exactly 78 percent) said the country will stand to lose if Lula is successful at the polls. Yet a still more considerable number of entrepreneurs (83 percent) asserted that their companies will continue to invest in Brazil.

Showing consistency with the idea that Lula will be harmful for Brazil, businessmen even preferred Esperidiao Amin (PPR) [Progressive Renewal Party] to the PT candidate, even though the former comes only fifth in the electorate's choice as president.

PSDB [Brazilian Social Democracy Party] candidate Fernando Henrique Cardoso is, as expected, the favorite among entrepreneurs, obtaining the endorsement of 65 percent of businessmen. Amin comes in second with 5 percent. Only then does Lula come into the picture (4 percent) followed by Brazilian Democratic Movement Party candidate Orestes Quercia (3 percent). [passage omitted]

Possible Workers Party Government Viewed

PY2106185494 Buenos Aires PAGINA/12 in Spanish 19 Jun 94 p 21

[Report by Roberto Bardial]

[Text] Luis Paulo Rosenberg told PAGINA 12: "If Lula [Luiz Inacio da Silva] wins the October presidential elections he will probably impose a style of government that is nearer to Mexico than to Argentina. He will dedicate more money to social programs; he will slow down the privatization process; and he will open up the economy and maintain a social balance." Rosenberg wrote a document entitled: "The PT [Workers Party] In Government," which has lately become something of a best seller among Brazilian businessmen, executives, and industrialists.

The authors spent three months researching the subject and published only 500 issues of the document on 31 May. It has 40 pages and it sells for $100 among powerful Sao Paulo businessmen. Wladimir Pomar, former Lula campaign manager during the 1989 presidential election and current PT dissident, is one of the authors.

Rosenberg currently directs a private consulting firm in Sao Paulo. He was one of the advisers of controversial former Economy Minister Delfim Netto, one of the gray eminences of the so-called "Brazilian miracle" during the military regime (1964-83).

PAGINA 12 has had access to the document. It is based on the assumption that PT leader "Lula" will probably be elected president in October. To charge $100 dollars for something that almost everybody knows seems a bit steep, especially in light of surveys which in the past months have given the PT candidate nearly 40 percent of the vote, the highest among all candidates seeking to get to the Planalto Palace in Brasilia. Rosenberg's work, however, summarizes the history of the PT since its foundation in 1978. It analyzes relations among its diverse internal factions and presents a biographical-political profile of its main leaders, which makes it a Who's Who [previous two words in English] of essential reading for those who believe the future is fraught with dark "red" forecasts.

The book explains that the organization include movements from a broad spectrum of political positions: liberals, Christian socialists, social democrats, revolutionary socialists, Trotskyites, and ultras, who are known as "Shiites" due to their fundamentalist radicalism. The document stresses, however, that "within Lula's pendular system of politics, the center holds the balance."

Regarding military reaction, Rosenberg rules out any possibility of unrest in the barracks if Lula wins. "The Armed Forces will not interfere in the electoral process," he categorically states.

The Sao Paulo consultant believes sociologist Fernando Henrique Cardoso, the former economy minister and presidential candidate of the Brazilian Social Democracy Party (PSDB), who is currently second in the surveys, also has "a very good chance." The document states that this is the case even though he "has no charisma and his political campaign is somewhat amateurish." Rosenberg assumes Cardoso's economic plan will lower inflation and stresses that "Brazilian gratitude toward anyone who reduced inflation from 45 percent a month to 3 percent is bound to be enormous."

Lula proposes a pact between the government, entrepreneurs, and workers to lower the inflation rate. His plan contemplates strong state intervention in the economy, changes within the financial system, and measures such as price control and a fight against oligopolies.

Rosenberg gives no chance to Orestes Quercia of the Brazilian Democratic Movement Party (PMDB) or Leonel Brizola, former Rio de Janeiro State governor of the Democratic Workers Party (PDT), who are the other presidential candidates. Rosenberg says the former "is unparalleled in his political professionalism and is a born winner, but his past is so full of corruption charges." Rosenberg briefly describes Brizola as "an unburied corpse."

Political scientist Francisco Weffort, one of the most brilliant minds within the PT, has explained the new winds—or rather, the new breeze—blowing through the organization. Tactics have changed since the 1982 election when the PT campaign slogan was: "Vote for number three, the rest are bourgeoisie." Lula's ballot number was three.

"The PT currently has a more open alliance policy than in the past," Weffort says. The PT "under Lula seeks alliances with entrepreneurs and the middle class, although not exclusively. He has done a good job in overcoming the mistrust of entrepreneurs, but Fernando Henrique Cardoso has more weight with them."

Weffort gave an example: "Making alliances is not easy. It is like getting married. It is not enough for one side to want it, the other side must want it too." Weffort said the PT "always wanted an alliance with the PDT, but Brizola speaks out against Lula almost every day." Weffort does not rule out a possible approach to Fernando Henrique Cardoso's party.

This possibility is not so very far fetched (in fact, the closer the date of the election, the more far fetched is everything else in this country, which is filled with apparent irrational political attitudes). Edmar L. Bacha, economist, academician, author of the plan that seeks to rescue Brazil from its high inflationary process, and Cardoso's assistant during his administration at the Economy Ministry expressed himself in similar terms last March: "Lula cannot govern alone. He will have to seek alliances." To avoid any doubts, he added: "PT deputies are very responsible and highly trained people. It is true that the party has many radicals at the grassroots, but there is nothing to prevent what we call the light [preceding word in English] PT faction prevailing once Lula is in government."

Luis Inacio "Lula" da Silva usually listens to his advisers' proposals. The 21 members of the National Executive Committee participate in his campaign planning. Its most important members are:

- Jose Graziano is an agronomist with a PhD from the University of London. He has listed the most serious problems that the PT must address. He carries a folder on important issues and advises the candidate on how to handle problems.
- Ricardo Kotscho is a journalist. He is not a PT member; he is a public relations adviser. Those who know him well say he is "a propaganda producing machine" who specializes in special effects.
- Wander Bruno do Prado is Lula's personal secretary. He organizes Lula's famous "caravans" throughout the country. He establishes the routes, the length, lunching places, hotels, and transportation 40 to 50 days in advance of each electoral tour.
- Gilberto Carvalho is a former seminarist and employee of the National Conference of Brazilian Bishops. It is said that very few people know better what each important religious figure thinks in the country. He is a close friend of Lula but has less influence than those listed above. He is Lula's main contact with the Church.
- Hamilton Pereira is a former guerrilla and former political prisoner. He takes care of the candidate's engagements agenda. He is a poet who won the House of the Americas' prize with poems he wrote while in jail.

'Who's Who' of PT Defines Leaders, Factions

94SM0365A Sao Paulo GAZETA MERCANTIL in Portuguese 21-23 May 94 pp 1, 5

[Article by Celso Pinto and Fernando Abrucio: "Surprises in 'Who's Who' of PT Administration"]

[Text] Sao Paulo—Aloizio Mercadante is regarded as the potential minister of finance in a PT [Workers Party] administration, but if he is appointed to that post, he will have to face strong opposition from within the party. For his part, economist Jorge Mattoso is not well-known to the public, but he has a good chance of occupying "a prominent position in the economic area in a probable Lula administration."

Precisely because of its assumption that a good many of its clients—important businessmen and bankers—do not know about the PT's internal resistance to Mercadante or who Mattoso is, the Rosenberg Consultancy has prepared a report on what the PT's factions think

and what its program is and listed the top people in the party. That "Who's Who" of the PT describes the 138 prominent figures who are either in the party or close to it and assesses their chances for being part of a Lula administration.

Luiz Paulo Rosenberg, a former adviser to Delfim Netto (when the latter was minister of finance) and to former President Jose Sarney, takes a pragmatic view of the matter. Since there is a reasonable chance that Lula will be elected, he feels that it is time for businessmen to stop complaining about the PT and start getting better acquainted with the party and its people.

To help prepare his report, he hired Wladimir Pomar of the PT Executive Committee. Pomar, who was general coordinator of the PT's campaign in 1989 and is involved in the current campaign, is "ideologically a democratic socialist," according to the description in "Who's Who." The report's general assessment of the PT and its program is far from being apocalyptic.

Rosenberg personally is convinced that a Lula administration "will not be a disaster." He feels that Lula will be a combination of Argentine President Carlos Menem, although not as pragmatic, and Socialist French President Francois Mitterrand "in his doctrinaire stuffiness." In other words, he will end up adjusting pragmatically to reality and its limitations. "Lula is not another Alan Garcia," says Rosenberg, referring to the former Peruvian president whose populist policy led his country into bankruptcy.

The history of the PT and its internal disputes involves a tangle of acronyms, realignments, and breakups. The current picture as described in the report involves eight main groups:

1. Alliance (now called Alliance in Struggle), comprising 30 percent of the party. Uniting Christian socialists, social democrats, democratic socialists, and pragmatics, it occupies the center-right in the party.

2. Leftist Alliance (now called Leftist Option): 23 percent of the party. Uniting Christian socialists, democratic socialists, revolutionary socialists, and pragmatics, it combines the center and the center-left.

3. Socialist Democracy (now part of the Leftist Option): 11 percent of the party. A combination of democratic socialists, revolutionary socialists, and Trotskyites, it is obviously further to the left.

4. Socialist Force (now part of the "In the PT Struggle" faction): 10 percent of the party. It comprises democratic socialists and revolutionary socialists. "In the PT Struggle" unites the factions further to the left and "Shiites."

5. Labor (of "In the PT Struggle"): 5 percent of the party. A combination of revolutionary socialists and Trotskyites.

6. Socialist Component ("In the PT Struggle"): 3 percent of the party. A combination of Christian socialists and revolutionary socialists.

7. Plan for Brazil (now called Radical Democracy): 11 percent of the party. It unites neoliberals, social democrats, democratic socialists, Christian socialists, and pragmatics. Comprises the PT's right-wing groups.

8. Independents: 7 percent of the party. These are individuals or groups that have no ties with factions; they cover the entire spectrum from right to left in the party.

Anyone adding up the figures based on this picture will conclude that the Left predominates. But the report is more cautious.

"Looking at things realistically, Leftist Alliance and Socialist Democracy (grouped together in Leftist Option) represent the center and the center-left. They are the pendulum in the PT's political spectrum. By allying themselves with part of the "In the PT Struggle" movement, they are seeking basically to ensure their hegemony in the party machinery and prevent the former Alliance, with which they still have many points in common, from uniting with Radical Democracy completely and moving the PT all the way to the right. In practice, that center seems to be acting as the point of equilibrium preventing the "Shiite" wings from becoming a center of attraction for the party's rank and file—something that was in fact happening as a result of the Alliance's move in the direction of Plan for Brazil (now called Radical Democracy)," says the report.

The report admits that that kind of reasoning is very different from the analysis usually found in the media, which are in the habit of describing the PT as a party dominated by the "Shiites." The report observes that presenting it in that way may be useful as a weapon in anti-PT propaganda but that it is also deceptive."This has probably done more to confuse the PT's opponents themselves, since those analyses are of little value if they are to be used in the strategic battle or if they are to serve as reference points in dialogue and negotiation," the report argues.

In its extensive analysis of the PT's platform, the report shows that on several points it is much more moderate and realistic than the 1989 platform. It represents a compromise among the various factions, which are currently divided on two issues: 1) the chief reforms that a PT administration should introduce, and 2) attitudes toward such controversial issues as agrarian reform, the role of the state, monopolies, privatization, inflation, foreign debt, an opening up to trade, foreign capital, fiscal and tax reforms, education, science and technology, and public policies.

As described in the report, the thinking of the Radical Democracy faction is to a large extent indistinguishable from that of the PSDB [Brazilian Social Democracy Party]. It wants to stabilize and modernize the economy, reduce state monopolies as much as possible, and privatize. It supports fiscal reform, favors rural settlements but opposes the invasion of property, and favors an opening up to the rest of the world (although with some

control over foreign capital). Federal Deputy Jose Genoino belongs to this faction.

The Alliance faction is divided. Some of its members support Radical Democracy, while others want more thoroughgoing reforms. The Leftist Alliance wants a mass market. It also wants to change the profile of rural and urban production and preserve an important role for the state. The other factions polarize around leftist ideas. "Who's Who" has several surprises for anyone not familiar with the party. The report points out that Mercadante, for example, "is accused of being one of the current defenders of policies approaching neoliberalism on the issues of foreign capital, negotiation of the foreign debt, and stabilization policies, even though his stands on those issues are more complex." Hence the resistance that will arise in the party if Lula appoints him minister of finance.

Another of the PT's public stars in the economic area, Senator Eduardo Suplicy, is described in tough terms. "He has a great feel for creating political events and appearing in the media...and charisma in the eyes of part of the population. Despite that, his influence inside the PT is relative. He seems to have no preconceived ideas on the most controversial issues, but simply sticks to the middle way when it comes to opinions." He is not mentioned as a possible candidate for a post in Lula's administration.

Several of the individuals mentioned as possible occupants of important posts in the economic area do not come as a surprise: businessman Oded Grajew, who is involved in Lula's campaign; Professors Paul Singer and Francisco de Oliveira; Maria da Conceicao Tavares; and Paulo Nogueira Batista, Jr. (although not a member, he is often consulted by the party). Jose Marcio Camargo, an economics professor in Rio de Janeiro, and Jose Graziano da Silva, an agricultural expert, are likely to be members of a PT administration.

Several other individuals who are also prominently mentioned are much less familiar to the public. In the economic area, besides Jorge Mattoso, whom we have already mentioned, there is Cesar Benjamin, who is one of the coordinators of the party platform, a member of the Leftist Alliance faction, and one of the chief supporters of the introduction of a mass market. Another economist who is not well known to the public but who may be given a post is Carlos Eduardo Carvalho, coordinator of the 1989 platform. He is a "democratic socialist" who tends to side with the Leftist Alliance on tactical issues.

Marco Aurelio Garcia, a prominent adviser to Lula, is mentioned as the probable minister of foreign affairs. Geographer Aziz Ab'Saber may be a star in the area of the environment. Benedita da Silva and Herbert de Souza ("Betinho") may be important in the social area. Santos Mayor David Capistrano and Leoncio Feitosa (of the parallel government) may be given key positions in the Ministry of Health.

Luiz Soares Dulci of the Minas Gerais National Directorate and the Alliance faction "will probably be given an important post in a Lula administration." So will physicist Luiz Pinguelli Rosa and Prof. Emir Sader. Philosopher Leandro Konder is tipped for the cultural area, and journalist Perseu Abramo is seen in some sort of direct advisory capacity in the Office of the President.

Among the party's well-known politicians who may occupy federal posts, the following are mentioned, among others: Plinio de Arruda Sampaio, Jose Dirceu (if he loses the gubernatorial race in Sao Paulo), Rui Falcao, Jose Genoino, Luiz Gushiken, Jorge Bittar (if he loses the gubernatorial race in Rio de Janeiro), and Vladimir Palmeira. Also mentioned are jurists Dalmo Dallari, Fabio Konder Comparato, Raymundo Faoro, and Helio Bicudo.

If there is a PT administration, it will not only change the government radically but also cause a substantial increase in the size of businessmen's lists of telephone numbers.

"Plan Will Obstruct Future Administration"

Sao Paulo—The national president of the Workers Party (PT), Rui Falcao, said last Friday that "the big problem with the economic plan is that it may obstruct action by the future administration, especially if it causes a recession." When asked whether Lula's campaign managers were concerned about the benefits that the stabilization plan might have for presidential candidate Fernando Henrique Cardoso, Falcao answered: "What we are concerned about are the perverse effects that introducing the real may have, particularly from the standpoint of unemployment."

But despite saying that the PT does not fear the stabilization plan's possible effects on the election, Falcao asserted that "this new plan is as much a vote-getting ploy as the Cruzado Plan was, and the fact that the real banknotes are being printed with Fernando Henrique's name on them is conclusive proof of that."

Falcao also said: "The government's economic plan would not be a vote-getting ploy only if structural reforms were included among its goals, which is what the PT is doing in its plan for government."

Among the structural reforms listed by Falcao, the most important are agrarian reform and employment. To deal with that last-named problem, the party has introduced the Plan for Impact on Unemployment under the coordination of Deputy Aloizio Mercadante. The PT's plan for combating unemployment will earmark $25 billion for promoting the creation of 8 million jobs. The money will come from the Social and Constitutional Funds and from budget allocations from the National Treasury, according to the Globo Agency.

The most important official topic at the meeting was the possibility of alliances in three states: Santa Catarina, Rondonia, and Bahia. In the case of Santa Catarina, the

PT wants to support Senator Nelson Wedekin of the PDT [Democratic Labor Party], provided that PT members Milton Mendes de Oliveira and Luci Choinacki can run respectively for lieutenant governor and for one of the vacancies in the Senate.

In the case of Rondonia, the PT National Executive Committee decided by a vote of 10 to three to uphold the resolution passed at the party's Ninth National Convention, which stipulated that the regional directorate should "lay the foundations enabling the PT to present its own candidate."

The stand taken by the PT Executive Committee was motivated by the decision by the PMDB [Brazilian Democratic Movement Party] in Rondonia to support the candidacy of Orestes Quercia.

In Bahia, the situation is too complicated for the PT leadership. The reason is that while the executive committee wants to develop support for the candidacy of Jutahy Magalhaes of the PSDB, most of the PT in Bahia wants to run a PT candidate and is suggesting the name of Zezeu Ribeiro.

To get around the problem, the Bahia PT is suggesting that Lula campaign for all three candidates: Zezeu Ribeiro for the PT, Jutahy Magalhaes for the PSDB, and the current front-runner in the polls, Joao Durval of the PMN [National Mobilization Party]. Joao Durval was launched in politics by former Governor Antonio Carlos Magalhaes of the PFL [Liberal Front Party].

Editorial: Relations With Argentina 'Dangerous'

PY2106145994 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Jun 94 p A3

[Editorial from the "Notes and Information" page: "Dangerous Relations"]

[Text] President Carlos Menem does not leave for tomorrow what he can destroy today. Taking advantage of President Itamar Franco's absence at the end of the Ibero-American Summit, the Argentine chief of state devised a broad support base for the candidacy of Carlos Salinas de Gortari, who is leaving the Mexican presidency next September, to director general of the World Trade Organization (WTO). President Menem ignored the candidacy of current Brazilian Finance Minister Rubens Ricupero formally presented to the organization that will replace GATT. Menem trampled over the basics of Mercosur [Common Market of the South], which includes the adoption of common action on subjects of common interests. He tread on good manners by taking advantage of the Brazilian delegation's absence to accomplish his scheme. With this he obtained Latin America's informal support for the Mexican candidate, but he also harmed relations between Brazil and Argentina. Brazil's immediate reaction was to cancel the visit of Argentine Economy Minister Domingo Cavallo on 27 and 28 June to Brazil: Brazilian authorities will not have time to receive the Argentine minister.

The mood of the bilateral relations has therefore been established. What could Brazil expect to save from the remnants of a relation whose vitality was in the economic field, and which Buenos Aires insists on damaging in the political field? The impression is that Menem and his political advisers are not capable of designing a policy of rapprochement with the United States without harming relations with Brazil. Given that a policy of rapprochement with the United States is not incompatible with a good relationship with Brazil, the hostility—invariably unfounded—with which we are treated is more shocking.

The Cartagena episode is just one of a series. Before it took place, Argentine Defense Minister Oscar Camilion had said Argentina would not support Brazil's intention to obtain a permanent seat on the UN Security Council. Minister Cavallo got sick and tired of telling the Brazilians how to conduct their economic affairs. When establishing regulations for Mercosur, the Argentines went back and forth endlessly. A common external tariff has not been established so far because Buenos Aires hindered the process and blamed Brazil for structural distortions that were rather due to the frozen Argentine exchange rate, an essential part of the Cavallo Plan.

The Argentine Government knew beforehand about Minister Ricupero's candidacy to the WTO. Argentina maintains close trade relations with Brazil, a fact that is the embryo for a more serious economic, social, and political integration. Menem's underhanded action—considering the circumstances in which he performed it—demonstrate an unsustainable position. The Brazilian authority who from now on accepts the political and moral commitments assumed by this Justicialist administration in relations with Mercosur at face value would be foolish; the Brazilian authority who considers Argentine policies foreseeable, a quality that is the basis of trust, would be irresponsible.

The Argentine Government has made its choice regarding Brazil. It has exchanged the excellent relations we had for a move that could end in granting Mexico, therefore NAFTA, therefore the United States, the general direction of the World Trade Organization. We have nothing to object to the candidacy of Salinas or the United States, the largest world power. What is repugnant to our conscience and goes against our good sense is the shameless maneuver that disqualifies its author and places its beneficiary under suspicion.

Everything indicates that President Menem will be reelected for four more years in office. This obliges Brazilian diplomacy, as of now, to treat Argentina with the seriousness the situation demands and with the politeness with which we have not been treated. In order to prevent the negative trade balance from affecting the results of the Cavallo Plan and Mercosur, Brazil has been purchasing from Argentina what it could buy elsewhere with greater political gains. Mexico could supply us with the same oil we buy from Argentina. Canada has the wheat we obtain from Argentina. Those two countries

are NAFTA members and if the example set by the Casa Rosada [Argentine Government House] is correct, the future is in the north and not in the south. There is no reason for purchasing goods from Argentina just to maintain a balance of accounts. That is the exclusive problem of Argentina. Let us just center on the cost-benefit relation in our trade and policy and do just what is totally gainful for us. Argentina has so far established the terms of our relations, clearly demonstrating that it believes that a special relationship is a one-way path. Brazil does not have to shoulder such a burden.

Editorial Terms U.S. Embargo of Cuba 'Irrational'

PY2106215494 Sao Paulo FOLHA DE SAO PAULO in Portuguese 19 Jun 94 Section 1 p 2

[Editorial: "An Irrational Embargo"]

[Text] Irrespective of the angle from which one looks at the situation in Cuba, Fidel Castro's regime is a dictatorship. Even so, it is difficult to disagree with the Cuban president when he complains, as he did at the Ibero-American Summit held recently in Cartagena (Colombia), about his counterparts—with the exception of Itamar Franco—remaining silent about the blockade the United States has imposed on the island for 32 years.

There are at least two strong reasons to substantiate the claim that the embargo entails an unacceptable act of violence. The first is humanitarian. It has become crystal clear during the past 32 years that it is the Cuban people, not their leaders, who have suffered the blockade's effects.

The embargo has not provoked the regime's downfall but rather a steady decline in the people's standard of living in general, especially now that Cuba can no longer count on the resources it used to receive from the now-defunct Soviet Union.

The second reason has to do with being consistent. There is no way of justifying the U.S. Government's decision to maintain its embargo against the Cuban dictatorship after having granted preferential trading status to another even more brutal dictatorship, that of China.

It should be admitted that a dictatorship is a dictatorship under any circumstance, or that a dictatorship can be more readily accepted when it offers a more profitable business. There is no denying that this factor introduces a great deal of cynicism in relations among countries and makes the embargo of Cuba all the more unacceptable.

It is appropriate to note another inconsistency here: The Latin American political map was plagued by military dictatorships during the 70's and part of the 80's. This fact did not cause the United States to impose an embargo on any of those regimes that were unwilling to cooperate with it. Again, a dictatorship—whether from the right or the left—should be considered a dictatorship. Otherwise, the "democratic" logic behind the embargo would be untenable.

The truth is that the blockade of Cuba is a remnant of the Cold War. The United States appears to remain watchful despite the failure of communism, despite the theory that socialist regimes are tolerated in other parts of the world, although not in what used to be called its "back yard."

Obviously the fact of living under a dictatorship has overshadowed Cuba's merit of having some good social accomplishments compared to other countries in the region, Brazil included. One cannot absolve, however, totalitarian regimes only because one of them may have obtained some rather positive statistics.

It will not be by strangling Cuba through the embargo that we will make it a democratic country. The correct reasoning is exactly the opposite: It is by reincorporating Cuba into the inter-American system, instead of leaving it isolated, that we would make it more democratic. By coexisting with countries that today are mostly democratic, Cuba would be decisively influenced by the example of these countries.

Role of Castro at OAS Summit, Embargo on Cuba Viewed

PY2206004494 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 17 Jun 94 p A3

[Editorial from the "Notes and Information" page: "The Cartagena Summit"]

[Text] The Ibero-American Summit has proved to be more important an international event for the number of figures attending it—this time 22 chiefs of state or government attended it in Cartagena—than for the decisions made therein. In terms of the number of statesmen attending it, the summit also proved useful for bilateral contacts that otherwise would not be made. Aside from that, however, it simply served to emphasize the contradictions and the discrepancies between the two Ibero-American worlds and point out the differences inside each of these worlds. It is, therefore, almost impossible to reach agreements at these summits, particularly on principles so broad that their contents prove to be obvious and end up by becoming almost irrelevant.

There is, however, one noticeable exception. Cuba invariably takes the opportunity afforded to it by Argentine President Carlos Menem to recruit supporters for its sad cause. This time, after Menem's customary attack on the Castroist regime, President Itamar Franco sympathized with Cuba's plight, seeing "positive signs of a reform" being implemented on the island and defended Cuba's readmission into the Inter-American system. Commander Fidel Castro decided to contribute to the agenda of the Summit of the Americas, which will be held in Miami in December, even though Cuba has not been invited to attend. As expected, Castro calls for the end of the economic embargo imposed on Cuba by the United States, the evacuation of Guantanamo Base and

of the U.S. bases in Panama, the pardoning of the Latin American foreign debt, and the abolition of Super Law 301.

Ibero-American countries should really do their best to clarify the distorted image Cuba reflects. For the past decade, no Latin American country has subjected the island to any important or special trade restrictions and for the past decade European countries have been trading with Cuba as they wish. Despite all this, Cuba's misery is attributed to an embargo imposed on it by the United States. This is one of those lies that run the risk of becoming accepted as true out of sheer repetition. Cuba faces dreadful economic hardships because Fidel Castro perseveres with his clumsy policies—maybe because he chose socialism instead of capitalism, maybe because he remains in power thanks to his caudillo-like dictatorship instead of trusting the virtues of liberal democracy. The U.S. embargo is the best excuse for Fidel Castro's failure.

There is, however, another side to this coin. There is harsh criticism in the United States of the embargo on Cuba and its exclusion from the Inter-American system. The U.S. people understand that Castro uses the embargo to remain in power without having to commit himself to any reform that would undoubtedly lead to the redemocratization of the island. An ever-increasing number of influential U.S. citizens, including members of the active Cuban colony in Florida, openly call for normalization of U.S.-Cuban relations. As to Cuba's readmission into the OAS, it must be recalled that the reasons for suspending Cuba from this forum have ceased to exist. Cuba no longer exports the revolution and the original reasons for temporarily preventing the Cuban Government from fulfilling its functions at the OAS no longer exist either. In addition, most OAS member countries have diplomatic and trade relations with Havana.

In spite of what President Itamar Franco said, there are no signs in Cuba that democracy is being restored. Economic dogmas are more lax as a result of the increasing shortage of basic products and the opening of the country to tourism is the only way the government could at least partially replace the inflow of strong currencies previously received from Russia. The democracies of the hemisphere and President Itamar Franco should, however, press the Cuban dictator in a friendly way to agree to freedom-promoting political reforms. This is the goodwill sign Fidel Castro should give before the Inter-American community takes another step forward.

Chile

Finance Minister Comments on NAFTA

PY2206001794 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1850 GMT 21 Jun 94

[Text] Finance Minister Eduardo Aninat has said negotiations with the United States over an eventual free trade treaty should start in September or October of this year.

Aninat said Chile will wait until the U.S. Congress empowers President Clinton to negotiate such an agreement. He added that official negotiations will be undertaken immediately after this.

He explained that the Chilean Government will consult all national sectors prior to signing any agreement. He added that after assessing the impact of a trade agreement on the Chilean economy, the government will decide whether to negotiate a bilateral agreement with the United States or join NAFTA.

Easter Islanders Strike for Land, Representation

PY2106130894 Madrid EFE in Spanish 2132 GMT 20 Jun 94

[Text] Santiago, 20 Jun (EFE)—The 2,800 inhabitants of Easter Island, a Chilean possession in the Pacific Ocean located 3,600 km from the continent, are on strike as of 20 June demanding the recovery of their land from the Chilean Government and a senator and a deputy to represent them in Congress.

The afternoon newspaper LA SEGUNDA reported today that the strike was called for by the Rapa Nui Elders Council and conveyed in a letter addressed to island Governor Jacobo Hey.

The peaceful strike will continue until a direct dialogue is held with the Chilean Government to solve a number of conflicts affecting the island community, according to a note released by the strikers.

Easter Island, in a tropical climate, lives on tourism generated by the presence of 867 statues that represent gigantic figures of up to 20 meters high called "moais," placed in ceremonial temples called "ahu," which make this territory look like an open-air archaeological museum.

Colombia

Tape Indicates Campaigns Financed by Drug Money

PA2206050194 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0235 GMT 22 Jun 94

[From the "CMI" newscast]

[Text] President-elect Ernesto Samper met with Prosecutor General Gustavo de Greiff and President Gaviria today. Meanwhile, Conservative candidate Andres Pastrana has called a news conference for tomorrow.

The contacts to finance the political campaigns were made between 7 and 11 June, a few days before the runoff elections. In the recordings, journalist Alberto Giraldo talks with Miguel Rodriguez Orejuela [Cali Cartel leader] and tells him about the need for funds to

cover expenses at the end of the campaigns. They mention 5 billion pesos. Here are excerpts of three of the six recordings. The others cannot be disclosed for legal reasons.

[Begin recording] [Giraldo] The man urgently needs money.

[Rodriguez] Who is the man? Eduardo?

[Giraldo] Yes, he asked me to act as emissary.

[Rodriguez] Fine.

[Giraldo] Yes, yes.

[Rodriguez] Is he the same one I know?

[Giraldo] Yes, yes, yes.

[Rodriguez] There are a few little problems here.

[Giraldo] Oh?

[Rodriguez] Because they want everything, everything, everything, everything, everything, everything. There are five points there that are basic commands, right?

[Giraldo] Yes.

[Rodriguez] Another thing...

[Giraldo, interrupting] How do you see things in the [word indistinct]?

[Rodriguez] I am in your hands. It sounds funny, doesn't it?

[Giraldo] Then why is Medina saying that Santo Domingo or whatever they want to give him?

[Rodriguez] No [words indistinct]

[Giraldo] That is what he told us that day. I heard him, but his saint wants the same length and width. They have a limit and [words indistinct] the truth is they need 5 billion. They already have 2 billion; they need 3 billion more.

[Rodriguez] Oh.

[Giraldo] They are there.

[Rodriguez] Yes?

[Giraldo] Yes [words indistinct]. [end recording]

After confirming that they were there, Giraldo tells Rodriguez Orejuela in another conversation that he is upset about articles in LA PRENSA that mentioned him as spokesman of the Cali Cartel. Rodriguez Orejuela then tells him not to worry as the other campaign had reportedly received $2.5 million from the so-called Northern Valle Cartel.

The recordings also mention money presumably received by General Miguel Maza Marquez.

[Begin recording] [Giraldo] I talked to Maza.

[Rodriguez] Yes?

[Giraldo] He [words indistinct] after what I told him, but I hope he gives it to me in cash.

[Rodriguez] [Words indistinct]

[Giraldo] I hope he gives it to me in cash, to deliver it tomorrow.

[Rodriguez] [Words indistinct]

[Giraldo] Good. Okay. [end recording]

The two people speaking mentioned a Pastrana supporter in the coffee producing areas. Before starting the second conversation, one of them warns the other of the risk that their call could be intercepted, to which the other replies: Do not worry, brother, these phones are safe.

Samper Communique on Illegal Campaign Donations

PA2206014394 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0028 GMT 22 Jun 94

[From the "24 Hours" newscast]

[Text] President-elect Ernesto Samper's campaign has just issued a communique regarding the contents of an audio cassette. On the tape, a well known Bogota journalist speaks to an alleged Cali Cartel leader. The conversation speaks of possible campaign contributions. Part of the communique says:

1. The President-elect talked today with the prosecutor general to request a swift and efficient investigation of the facts. Samper gave the prosecuter general's office his campaign accounting books for a thorough examination.

2. From the very beginning of the presidential campaign, we warned of the danger of drug trafficking money filtering into the political process. In response to this, a Code of Ethics was issued. This Code of Ethics contains a full chapter on controlling the source of campaign funding and it appoints an ethical prosecutor.

Former presidential candidate Andres Pastrana will address this controversial issue during a press conference tomorrow.

Samper Seeks Prompt Inquiry

PA2206041994 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0235 GMT 22 Jun 94

[From the "CMI Newscast]

[Text] President-elect Ernesto Samper has flatly denied his campaign received any money of doubtful origin and placed his accounting books at the disposal of the Prosecutor General's Office.

[Begin unidentified reporter recording] 1. The president-elect talked today with the prosecutor general to request a swift and efficient investigation of the facts. He placed the campaign books at the disposal of that office to be thoroughly reviewed.

2. From the very start of the campaign, we warned of the danger of the infiltration of drug trafficking money into politics and that is why an ethics code was issued, which devotes a special chapter on controlling the origin of resources for the campaign, and an ethics prosecutor of the highest moral qualities was named to enforce the code and prevent this infiltration. No other campaign, therefore, had greater control or was stricter in receiving resources than ours. As a result of this strict control, we can categorically affirm today that our campaign treasury received no money of doubtful origin.

3. Any Colombian citizen or news media wishing to review the campaign books may do so from this moment and corroborate, as the overseer of the national Treasury did, the origin of donations received this past year.

4. The president-elect has once again reiterated his unyielding commitment to fighting drug trafficking, combating it decisively in the military field but without repealing the policy of surrendering to justice promoted by the current government. By the same token, he will maintain all international commitments to cooperate in fighting this scourge. Not one millimeter will be yielded to this crime, and the international community will be asked to take clearer responsibility to persecute money laundering and consumption in developed nations.

5. The president-elect appeals for peace so situations such as this one are not used lightly as political weapons that harm Colombia's image abroad. [end recording]

News Conference on Illegal Funds

PA2206045194 Santa Fe de Bogota Emisoras Caracol Network in Spanish 0203 GMT 22 Jun 94

[News conference by President-elect Ernesto Samper Pizano at Narino Palace in Santa Fe de Bogota on 21 June—recorded]

[Text] [Samper] The truth is that if the campaign is investigated, it will be because we have requested it. We were officially notified of the cassette during the latter part of last week when it was officially given to us at the [words indistinct]. At the time, we were also told that it had been given to the president of the Republic. This cassette contains very serious accusations against both campaigns; Dr. Andres Pastrana's campaign as well as ours. I am adamant about having this matter so thoroughly cleared up that we may know exactly which representatives of Dr. Pastrana's campaign and my campaign, were apparently involved in using drug trafficking money during the past presidential elections.

I will accept the results of the investigations that must be made by the Prosecutor General, and if anyone who worked for my campaign, is proven to have been involved— as the cassette indicates—in this incident, they will be withdrawn from my government and they will not participate in my administration, regardless of the legal penalties that may be imposed on them.

Thus, I believe, this case has to be totally clarified. I, as President, assure Colombians that this procedure will allow us to know the truth regarding the events described in the cassette, which was revealed yesterday and which involves my and Dr. Pastrana's campaign.

[Unidentified reporter] Initially, it was said [words indistinct] because there was information that drug trafficking money was being used in politics. Does this have anything to do with this latest incident?

[Samper] Maribel, the code of ethics was really implemented rigorously throughout. Today, I obtained the information I had requested on the campaign and it allows me to reiterate, as I said yesterday, that money of doubtful origin has not been used in my campaign. I want to invite any Colombian or media source, who cares to do so, to conduct a thorough examination of my campaign's accounting books. I made this commitment and I maintained it to the end. Likewise, the ethical prosecutor studied the origin of all the resources used in my campaign. That is why I am absolutely at ease and I want to express my total tranquility to Colombians. No drug trafficking resources were used in my campaign and the Prosecutor General will also be able to assess this in the books we presented to him today for his scrutiny.

[Reporter] Good evening, Dr. Samper. You said the tape was officially delivered to you. Were you informed at that time who the people in this recording were?

[Samper] No. We simply received the tape. We were told it contained accusations against both campaigns and that the government wanted us to know about it. After viewing the tape, we issued a first declaration rejecting the statements made in the tape. Second, I met with the prosecutor general today for over three hours and, as president-elect, officially requested this investigation. It is in the best interests of the former Samper and Pastrana campaigns and of democracy that this issue be clarified. I repeat: I will abide by the results of the prosecutor general's investigation.

If that investigation reveals that people from my campaign are involved in the events described on the tape, I am willing to remove them from the campaign team. They will not join the government and will be subject to the appropriate penalties.

[Reporter] Dr. Samper, considering that microphones were found at your home and campaign headquarters, do you think this could be a campaign against you? What do you think is the origin of this [word indistinct]?

[Samper] I do not know. Based on what has been said by the people who conducted the preliminary investigation, I think the tape is authentic. I hope it is not part of a plot

against me because that would have the effect not of discrediting Ernesto Samper but of undermining democracy. I want to reiterate to all Colombians that we have paid a high price in blood over the last 10 years to move our country ahead and defeat narcoterrorism. I was personally a victim of narcoterrorism. That gives me the moral authority to tell Colombians that we will continue to work at home and abroad to let the world know we are not the perpetrator but the main victim of drug trafficking.

[Reporter] Good evening, Dr. Samper. There is a recording linking your campaign to drug money. How can you justify this incident? What is your opinion? How will this affect national and international public opinion, considering that you were just elected president on Sunday?

[Samper] As I have said, this tape implicates the two campaign groups of the recent presidential campaign. I think the mere act of sowing doubt adversely affects the country. It affects the country's image abroad. I am therefore committed to clarifying this matter, not only as Ernesto Samper, former presidential candidate—I assume this commitment because I must defend the integrity of my campaign, as I have reiterated over the past year—but also as president of Colombia so this issue will not affect Colombia's long struggle against drug trafficking. This evening, I reaffirm my commitment to continue fighting drug trafficking in all its forms. I also wish to reaffirm this commitment so Colombia's international image will not be affected.

I emphatically reject the charges. It is disturbing to think that these incidents could become a regular thing, as is thought by people in some parts of the world where they believe all Colombians are drug traffickers. I reject this assertion and the insinuations in the tape, in which two people are holding a dialogue apart from any campaign. This dialogue ultimately affects the two main candidates in the recent election.

Defense Ministry Issues Communique on Tape

PA2206043394 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0235 GMT 22 Jun 94

[From the "CMI Newscast"]

[Text] Tonight, the Ministry of Defense issued a communique detailing the information the government received on the recordings. At approximately 1730 on Thursday, 16 June, Dr. Andres Pastrana and Dr. Luis Alberto Moreno paid a visit to the president and minister of defense and presented them with a tape containing three telephone conversations. The first two conversations were allegedly between journalist Alberto Giraldo and Mr. Miguel Orejuela and the third conversation was between Giraldo and Mr. Gilberto Rodriguez Orejuela.

Dr. Pastrana said he received the tape in the city of Cali, the day before from people who did not identify themselves. Early on 17 June, the minister of defense, at the request of the president of the Republic, ordered the military forces general command and the police general directorate to confirm the veracity of voices and forward, as soon as possible, the tape and results of voice confirmation to the Prosecutor General's Office. The same order was given to the DAS [Administrative Department of Security] director.

After informing the prosecutor general, that same 17 June, Dr. Ernesto Samper Pizano was informed about this situation and a copy of the tape was forwarded to him. At about 1630 on 17 June, at the request of the defense minister, three Armed Forces commanders delivered the recording personally to the prosecutor general. The results of the confirmation of voices were forwarded first on Friday and then on Saturday.

Taking into consideration that this investigation falls under the Prosecutor General's Office, the government immediately forwarded the tapes and the voice confirmation to that agency. Additionally and as is routine, the government and Armed Forces are ready to assist the Prosecutor General's Office in all support needed in this case.

Prosecutor General's Office Investigates Wiretapping

PA1706204394 Madrid EFE in Spanish 2320 GMT 16 Jun 94

[Text] Santa Fe de Bogota, 16 Jun (EFE)—The Colombian Prosecutor General's office announced today it is conducting investigations of the telephone tapping discovered in the office of Liberal Party presidential candidate Ernesto Samper.

This organization received "a microphone for transmitting conversations and a wiretapping device," which were found on 9 June, from Samper's campaign office. "The Prosecutor General's Office is conducting the investigations and technical tests required to establish the criminal action and responsible parties," Ana Lucia Obregon of the Press and Information Office announced.

The Colombian "Watergate" gave rise to a serious controversy on Thursday when Horacio Serpa Uribe, one of the members of Samper's presidential campaign, accused "the Pastranistas" (reference to supporters of Conservative Party presidential candidate Andres Pastrana Arango) of being responsible.

The reaction of Pastrana and members of his electoral campaign followed. They accused Serpa Uribe of "slander" and of using the strategy of "lies in view of their fear of the support received by the Conservative Party candidate" throughout the country. "They are inventing many things out of fear," a member of Pastrana's electoral campaign stated.

Fernando Botero Zea, chief of Samper's electoral campaign, reiterated that "only the Prosecutor General's Office can determine who the spies are," emphasizing that "we do not have any evidence." According to Botero Zea, the police released a report to Prosecutor General Gustavo de Greiff, "giving a detailed account of how the incident took place."

Political circles of the two parties are hoping the results of the investigation by the Prosecutor General's Office will conclude before this coming Sunday's elections when Samper and Pastrana will face one another in the runoff elections for the Colombian Presidency.

The National Civil Registry Office, charged with organizing the elections, reported today that it distributed 18 million voting cards throughout the country and that 72 hours before the elections, which will take place between 0800 and 1600 (1300 and 2100 GMT), "everything is perfectly controlled."

Strike Halts 85 Percent of Domestic Airline Operations

PA2106212794 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 21 Jun 94

[From the "Midday Television Newscast"]

[Text] Domestic air travel has been complicated by a pilots strike. A total of 85 percent of domestic operations have been suspended and the economic effects of the strike are already being felt.

Here is Jaime Garcia, chief of operations at the El Dorado International Airport in Santa Fe de Bogota, on the emergency plan that is being implemented today in the nation's airports.

[Begin Garcia recording] The emergency plan in the airports is being implemented by some airlines that are cooperating to enable passengers to reach their destinations. The domestic airlines cooperating are Intercontinental de Aviacion and Islena de Aviacion, Satena, and there are a few Aires flights. [end recording]

Intercontinental de Aviacion today covered its normal routes, that is, from Santa Fe de Bogota to Cali, Popayan, Barranquilla, and San Andres, among others, for a total of 19 daily flights. Likewise, there are 19 other flights from other cities to Santa Fe de Bogota. Islena de Aviacion is operating special routes from Santa Fe de Bogota to Cali, Medellin, and San Andres.

Nevertheless, 80 percent of the nation's passengers travel on Avianca, and this company does not have agreements for the transfer of passengers. Therefore, if you have an Avianca ticket and decide to travel on another airline, you will most likely have to purchase a new ticket. Meanwhile, Ases and Avianca announced they have hired foreign pilots to fly their international routes.

Roundup of Economic Developments

PA2106221894

[Editorial Report] The following is a compilation of reports on economic developments monitored through 21 June 1994.

National Administrative Department of Statistics, DANE, preliminary figures report the agricultural sector grew 2.7 percent in 1993, less than the government estimate of a 3-percent increase. Factors affecting the sector were a decrease in the harvest and the effects of the dry spell in some areas, which prompted uncertainty among the farmers. The sector, however, showed a slight recovery over 1992, when a 1.65-percent increase was recorded. The government estimates more favorable growth in 1994 because of the price increase in international markets of coffee, cotton, sugar, and rice. According to DANE, the total economy grew 5.3 percent in 1993. Sectors that helped achieve this increase were electric power, construction, and financial services. The construction sector grew 7 percent; trade 5 percent; and transportation and communications 4 percent. (Santa Fe de Bogota EL TIEMPO in Spanish 16 Jun 94 pp 8B, 9B)

The privatization of Banco Cafetero has begun in earnest. On 15 June, the bank offered a package of shares worth 57.623 billion pesos to the National Federation of Colombian Coffee Growers, Fedecafe, producers, exporters, and other businesses in the sector. A total of 10,686,827 shares will be sold to increase the bank's authorized capital. This is part of an agreement reached between the government and the association to sell 50.5 percent of Banco Cafetero; the remaining 49.5 percent will remain in the hands of Fedecafe. The bank's value was set at 230 billion pesos.

Of this shares issue, Fedecafe will buy 40.338 billion pesos in shares, the producers, exporters, and other businesses in the sector will buy another 17.288 billion pesos in shares, and the remainder, 96.042 billion pesos will be offered to a foreign bank. The shares will be offered at 5.392 pesos per share. The deadline for purchasing shares will be one year after the publishing of the sale of shares. (Santa Fe de Bogota EL TIEMPO in Spanish 16 Jun 94 p 8B)

The most recent report issued by the Latin America Integration Association, Aladi, shows that total exports for member nations reached $122.5 billion in 1993, a 6 percent increase over 1992. Imports grew at a slower rate reaching $135.2 billion, which helped to reduce the traditional trade deficit of Latin American nations. Interregional exports reached $23.5 billion for an increase of 21 percent, while imports reached $22.741 billion. Brazil led Aladi nations with exports of $9.145 billion, followed by Argentina with $5.262 billion, and Chile with $1.798 billion. Colombian exports to other Aladi nations was $1.439 billion, $124 million more than in 1992. Colombian imports from Aladi reached $2.321 billion. (Santa Fe de Bogota EL TIEMPO in Spanish 16 Jun 94 p 12A)

The National Association of Industrialists, on 17 June, reported industrial production increased 8.5 percent during the first four months of 1994 compared to the same period in 1993. This surpassed the government's estimate of a 4- to 4.5-percent increase. (Madrid EFE in Spanish 1856 GMT 17 Jun 94)

Ecuador

President Declares State of Emergency

PA2206022494 Madrid EFE in Spanish 0120 GMT 22 Jun 94

[Text] Quito, 21 Jun (EFE)—Ecuadoran President Sixto Duran Ballen today decreed a national state of emergency after the Confederation of Indian Nationalities of Ecuador (Conaie) rejected a proposal to create a joint commission to draft a Land Development Law reforms package. Just before the official suspension of constitutional rights, the president had said "the situation in several cities was no longer bearable."

Peasant and Indian demonstrations began on 13 June, right after President Duran Ballen signed the new land law into effect. The demonstrators erected roadblocks on many of the countries roads and highways, looted businesses in several cities, and clashed with authorities resulting in at least three Indians dead and a dozen wounded.

During a meeting between Duran Ballen and Conaie leaders on Monday, the president said he would not repeal the law. Instead he proposed the formation of a joint commission to reform the law and to draw up the regulations that will govern its enforcement. The Indians, who make up about 30 to 50 percent of the country's total population of 10 million, finally rejected the proposals.

IDB Approves $1.65 Million in Loans

PA2106221794

[Editorial Report] Quito Voz de los Andes in Spanish at 2300 GMT on 17 June reports that the Inter-American Development Bank [IDB] has approved several loans for Ecuador. The funds, which will be mostly allocated to conduct social programs, add up to $1.65 billion and will be disbursed in the next four years.

Paraguay

DEA, Brazilian Police Find Drug Laundering Network

PY2106214394 Asuncion NOTICIAS in Spanish 21 Jun 94 pp 18, 19

[Article by Sao Paulo "special correspondent" Luis Ocampo Alonso]

[Text] The seizure of the largest shipment of cocaine ever confiscated in Latin America (7.5 metric tons) at Alborada ranch, located in Tocantins, western Brazil, at the beginning of June and the arrest of 14 drug traffickers linked to the Cali Cartel enabled the U.S. DEA and Brazilian Federal Police to discover one of the leading money laundering networks operating in the Western Hemisphere.

Address books and computer diskettes the aforementioned drug traffickers had in their possession were instrumental in establishing that the drug money route started in the United States (New York) and Colombia and joined up in Ciudad del Este in bank accounts at a branch of the Bank of The Netherlands. The holder of these accounts is Nasrat Mohamad Jamil Rassoul, a well-known "border manager" of Lebanese extraction who owns real estate and businesses in Ciudad del Este—the capital of Alto Parana Department—and Foz do Iguacu. From Ciudad del Este, the dollars were transferred through several operations to another account that Rassoul himself had at the Bamerindus Bank in Foz do Iguacu. From there the money was once again transferred to Bank of Brazil agencies located in different Brazilian cities to several account holders, many of whom were fictitious.

Brazilian and U.S. investigators asserted that all the financial resources used by the gang busted in Tocantins to purchase the aforementioned ranch, several aircraft, motor boats, cars, and even to set up at least three companies that would act as a front for their activities came to Brazil via Ciudad del Este. This means that movements in Rassoul's accounts amounted to more than $1 million in approximately 10 months. Rassoul was seconded in his dealings by fellow countryman David Haddad (both are currently held in custody in Brasilia). The amount of money movement has led the DEA to suspect that some Paraguayan regional or national "high-ranking authority" might have facilitated the establishment and operations of the Cali Cartel in Ciudad del Este.

Another detail that has caught the attention of DEA and Brazilian drug enforcement agents is the involvement of Samia Haddock Lobo, a Brazilian businesswoman (at present a fugitive from justice) in the dismantled drug gang. Haddock Lobo is a member of a very respectable Rio de Janeiro family that allegedly has properties and investments in Paraguay. Antonio Mota Graca, the entrepreneur's husband, escaped from a Sao Paulo prison approximately two years ago. He was in prison on drug trafficking charges. Brazilian Federal Police sources think Mota Graca is hiding somewhere in Paraguay.

If all this was not enough, Brazilian journalists following the Tocantins case told NOTICIAS that one of the passports used by arrested Colombian citizen Vicente Rivera Ramos, son of one of the Medellin Cartel's big shots, was stamped several times by our country's immigration authorities, indicating that his trips between Colombia, Brazil, and Paraguay were frequent. It is not

too credible to maintain that the international drug trafficking "big shot" visited our country frequently simply because he was attracted by the beauty of our women or the sweetness of our polkas and guaranias [national folk music].

Central Bank, Federal Revenue Office (the central tax collection organization), and Federal Police authorities in the neighboring country are concerned with the volume of drug trafficking operations in Brazil, and in the next few days will start a large joint operation to exchange information, trying to detect any money laundering scheme used in the country. No one doubts that the U.S. DEA will follow the Brazilian antinarcotics operation very closely and that one of the study's main targets will be precisely the Ciudad del Este-Foz do Iguacu axis.

Possible Cali Money Laundering Network Uncovered

PY2206023794 Asuncion ULTIMA HORA in Spanish 21 Jun 94 p 68

[Text] How was the Tocantins ranch, where Latin America's largest cocaine shipment was discovered a few weeks ago, purchased? This question prompted the Brazilian Federal Police to conduct further investigations. Following these investigations, the possibility arose that Ciudad del Este was the Cali Cartel mafiosi's base of operations for laundering money.

An AP report datelined Rio de Janeiro notes that the unprecedented seizure of 7.5 metric tons of cocaine in early June allowed the discovery of a money laundering network of the Cali Cartel, a Colombian drug trafficking ring.

Police chief Antonio Borges reported that the criminal organization used bank accounts in New York, Paraguay, and Brazil to transfer money and invest in the Brazilian drug trafficking market for storing and exporting cocaine.

The Lebanese

After the details of the seizure operation became available, Nasrat Mohamed Jamil, a Lebanese-Brazilian citizen who had established covert businesses in Ciudad del Este, became the main target in unraveling the mafia's tentacles. He had been living in Foz do Iguacu (where he was detained on the eve of the operation carried out in the aforementioned Brazilian state) after his separation two years ago from Vera Lucia Minikoski, who had filed a petition with the Parana State courts to divide their common property, demanding about $20 million.

According to Borges, Jamil was the drug trafficking ring's treasurer for the Cali Cartel's complicated money transfers in Brazil, where one of its lords, Vicente Wilson Rivera Ramos, had established himself. Rivera Ramos, along with another 11 people, was arrested for allegedly trafficking in cocaine to the United States.

Colombia-United States-Paraguay

The police chief added that the drug money was remitted from Colombia to two banks in New York, and from New York to the Cali Cartel's base of financial operations in Ciudad del Este. The funds were withdrawn in cash and deposited in a bank in Foz do Iguacu, from where they were transferred to various accounts in various Brazilian cities under false names.

Deputy Minister Views Mercosur Negotiations

PY2106214794 Asuncion NOTICIAS in Spanish 21 Jun 94 p 23

[Text] Integration Deputy Minister Ruben Fadlala has said: "Paraguay is in the most sensitive and difficult situation within Mercosur [Common Market of the South], because it must adapt itself to play a significant role in the regional market." Fadlala attended the most recent Mercosur meeting—held in Buenos Aires, Argentina—with his colleagues of the other signatory countries.

Fadlala said this was a very difficult meeting because of the various aspects, the short time available, and the deadlines that are about to expire.

He said: "We have outlined our position and want it considered in order to achieve what we are looking for, that is, an expanded market with coordination and harmony in various subjects."

He added that this will turn Mercosur into an expanded market—rather than a free-trade zone—in which we can implement at least an initial common market.

As for the products over which there are tariff disagreements, Fadlala said not all points have been raised in connection with the products on which it is not possible to adopt a single tariff. "This will be done at the last technical meeting of subgroup 10, scheduled for the end of the month. The matter will be later addressed at the political level, when deputy ministers will choose the exceptions," he said. The deputy ministers' meeting might be held early in July.

Executive Appoints New Integration Minister

PY2106180094 Asuncion ULTIMA HORA in Spanish 17 Jun 94 p 7

[Text] The executive branch this morning named Ruben Melgarejo Lanzoni as political affairs secretary general and presidential private secretary. The decree also names Miguel Angel Maidana Zayas as presidential general secretary and civil household chief, and Hugo Saguier Caballero as integration minister.

The president, exercising his prerogative, created the new Political Affairs General Secretariat to handle the presidency's relations with political parties and movements. Secretary General Melgarejo Lanzoni is currently Paraguayan ambassador to the OAS in Washington.

Integration Minister Saguier Caballero was presidential secretary general and civil household chief while his successor, Maidana Zayas, was the presidential legal adviser.

Saguier Caballero replaces Atilio R. Fernandez who resigned recently to run for the presidency of the National Republican Association (ANR-Colorado Party).

Saguier Caballero is the fourth integration minister in less than three years. The first to head the newest of all ministries was Juan Carlos Wasmosy. He was replaced by Horacio Galeano Perrone, who was in turn replaced by Atilio R. Fernandez.

Military Resorts To Court Over Party Membership

PY2106230094 Asuncion NOTICIAS in Spanish 18 Jun 94 pp 2-3

[Excerpt] High-ranking Army, Navy, and Air Force officers yesterday filed a petition at the Supreme Court challenging the constitutionality of the law temporarily suspending the political party membership of active duty military and policemen. The three petitions, presented separately, were signed by General Lino Oviedo on behalf of the Army, Jose Cespedes Zarza on behalf of the Air Force, and Vice Admiral Flavio Abadie on behalf of the Navy. The petitions request putting a freeze on the effects of the law's articles temporarily suspending military and police political affiliations. Politicians yesterday wondered about the issue of Armed Forces institutionalization if the Supreme Court freezes the effects of the law.

According to court sources, the petition was signed by the previously mentioned commanders and by General Eduardo Gonzalez Petit, Pedro Concepcion Ocampos, Pablo Abadie, and all officers with the rank of lieutenant colonel and up.

Gen. Oviedo, Gen. Cespedes Zarza, and Vice Admiral Abadie petitions' legal counsels are the attorneys Marcial Pio Flecha, Silvino Benitez, and Victor Hugo Ronzwisky respectively.

The petitions asked the Supreme Court to freeze the effects of the law until it can decide on the law's constitutionality.

Cespedes Zarza (Air Force), Vice Admiral Abadie (Navy), and Gen. Oviedo (representing the Army) signed the petitions separately.

According to the attorneys, the three petitions have the same content—that is, the same legal argument.

Court sources said the Supreme Court might accept the petitions and freeze the law's effect temporarily. [passage omitted]

Roundup of Economic Reports

PY1806000994

[Editorial Report] The following is a compilation of reports on economic activities in Paraguay monitored through 16 June.

A Technical Planning Secretariat document states that Paraguay's external debt increased 1.3 percent between January and May, rising to $1.2328 billion compared with the $1.2067 billion at the end of December 1993. The central government is the largest debtor with liabilities amounting to $538.3 million, followed by government-owned enterprises whose financial obligations add up to $472.8 million, and financial institutions, whose debts total $221.7 million. Half of Paraguay's debt has been contracted with international organizations, $615.7 million; 47.8 percent with the Paris Club, $589.6 million; and 2.2 percent with Latin American banks, $27.5 million. The slight increase in the external debt is basically due to the disbursement of credits granted by international organizations like the Inter-American Development Bank and the World Bank. (Asuncion ABC COLOR in Spanish 11 Jun 94 p 16)

According to General Customs Directorate data, cotton exports tumbled in volume and value in the first five months of the year compared with the same period in 1993. Farmers had a poor harvest caused by bad weather, fungus, and the boll weevil. In volume, cotton exports plummeted 51.2 percent to 21,368,249 kg compared with 44,051,354 kg last year. In value, exports declined 34.6 percent from $49,849,094 in 1993 to $31,919,800 this year. (Asuncion ULTIMA HORA in Spanish 13 Jun 94 p 8)

According to the General Customs Directorate, there was a surge in the trade deficit in 1994 through May. Exports totaled $341.294 million while imports were $1.087 billion, a deficit of $746.247 million—a 218.65 percent increase compared with the same period last year. This sharp increase in the trade deficit reportedly is due to the fact that in the past a considerable amount of goods entered the country illegally whereas now there is an ongoing campaign to stem smuggling and imports now are paying customs duties. It is estimated that total imports amount to $3 billion annually, of which only $1 billion was registered in the past. This made the government lose more than $200 million in revenue per year. (Asuncion ABC COLOR in Spanish 16 Jun 94)

Peru

Government Withdraws Recognition of Haitian Ambassador

PY2206010394 Madrid EFE in Spanish 1557 GMT 21 Jun 94

[Text] Lima, 21 June (EFE)—Peruvian Foreign Minister Efrain Goldenberg reported today that, at the request of

ousted Haitian President Jean Bertrand Aristide, Peru has withdrawn its recognition of Haitian Ambassador to Lima Roland Agustin.

The Peruvian foreign minister stated that Claudett Werleigh, Aristide's minister of foreign affairs and culture, while speaking on Aristide's behalf on 14 June in Washington, asked Peru to withdraw Agustin's recognition.

Goldenberg said: "Out of respect for a democratically elected government, which is the only government we recognize in Haiti, we have decided not to recognize Mr. Roland Agustin's ambassadorial status."

This decision averted criticism by the opposition against Peruvian President Alberto Fujimori who rejected the idea of military intervention in Haiti or Cuba during the recent Ibero-American summit in Cartagena de Indias, Colombia. The opposition accused Fujimori of defending the Haitian military regime headed by General Raoul Cedras "in view of his authoritarian convictions."

Goldenberg added that Fujimori's position, and that of his administration, is based "on the principle of self-determination of countries." Goldenberg said Peru supports a political and peaceful solution to the Haitian issue and supports the measures approved by the OAS and the United Nations.

Regarding the criticism surrounding Fujimori's recent trip to Beijing, Goldenberg said Peru believes China has great potential for Peruvian economic and commercial interests. He added that "China is not a political model for Peru." Goldenberg stated: "With all due respect, the Chinese political model is not an example for us because we are in a different situation."

Fujimori Gives Details of Abimael Guzman Arrest

PY2106144294 Madrid EFE in Spanish 1855 GMT 20 Jun 94

[Text] Lima, 20 Jun (EFE)—On 20 June, Peruvian President Alberto Fujimori reported that Abimael Guzman's arrest was possible thanks to the report given by a Shining Path [SL] leader who betrayed his leaders in exchange of his freedom. The president released some unprecedented details on the Shining Path leader's arrest, explaining the release of Luis Alberto Arana Franco, which has prompted a scandal in Peru.

Fujimori said Arana Franco, logistics chief for the Maoist group, was released in compliance with the Repentance Law approved in August 1992 because he provided some clues to police that led to Guzman's arrest in September the same year. Arana was arrested in June 1992 and two months later, when the law was approved, he decided to seek refuge under the law, which reduces the sentence of a terrorist who cooperates in capturing the heads of his organization.

The Peruvian president reported that Arana Franco betrayed Zenon Vargas, Shining Path national coordinator, and Maritza Garrido-Lecca, and Juan Inchaustegui, who were in charge of Guzman's personal safety.

After following Garrido-Lecca and Inchaustegui, police concluded that the couple was hiding an "important" Shining Path leader in their home, and raided the house without imagining that the top leader could be found inside.

Fujimori said that Arana Franco's decision "must serve as an example for those who want to reorganize their lives instead of earning a long prison sentence," and added that the released collaborator is being protected and his identity has been changed.

The Peruvian president also confirmed that in the past two months, the Peruvian courts have released several Shining Path terrorists "for lack of evidence" and asked the Supreme Court to "thoroughly" investigate these cases.

He also categorically rejected reports that his government has released some terrorists as a result of negotiations with arrested Shining Path leaders, and said such rumors "are in bad faith and biased."

The political opposition has said it will ask Congress to call the justice and defense ministers to explain why those Shining Path terrorists were released.

Most government officials have reported, however, that the petition will be rejected because it intends to "politicize" the problem and to blame the government for those cases "that are the exclusive responsibility of the courts."

SL Leader Tried 'To Reactivate' Logistics Unit

PY2206002694 Madrid EFE in Spanish 1537 GMT 21 Jun 94

[Excerpts] Lima, 21 Jun (EFE)—Today, Peruvian Police reported that a Shining Path [SL] leader, who was arrested last week, was trying to reactivate a logistics support organization for SL commandos with funds derived from drug trafficking.

SL Leader Moises Simon Limaco, also known as "Ramiro," is believed to be the right-hand man of Oscar Ramirez Durand ("Felicano"). Durand is the new SL leader, who is also striving to reactivate the weakened terrorist gang.

Limaco planned to reactive the People's Aid of Peru force, an organization headed by lawyer Martha Huatay who has been sentenced to life imprisonment. This organization supplied clothing, food, shelter, and medical attention for SL commandos.

The police have indicated that the reactivation of the People's Aid of Peru was financed with funds Limaco obtained from traffickers in the northern Peruvian

jungle region where SL offers protection to traffickers in exchange for money and guns.

Limaco was arrested on 17 June in the northern part of Lima. The same sources added that his questioning proceedings, which began yesterday, comprises about 100 questions drafted by the police antiterrorist squad. [passage omitted]

It was also reported today that 18 SL members were arrested in Ayacucho department, in the southern Andean region. The sources added that among them is Ercilia Prado (also known as "Maria"), who has been a SL member since 1981 and who was in jail for seven years. She is believed to be the liaison between "Feliciano" and the Ayacucho branch of the SL.

Poll Shows 45 Percent Support Fujimori

PY2106142994 Madrid EFE in Spanish 1541 GMT 20 Jun 94

[Text] Lima, 20 Jun (EFE)—According to the Apoyo polling firm, Peruvian President Alberto Fujimori enjoys the support of 45 percent of Peruvians while former UN Secretary General Javier Perez de Cuellar, who still has not decided whether to run in the 1995 elections, has only 25 percent.

The poll results disclosed on 19 June during a political television program also mention that Lima Mayor Ricardo Belmont, who already has launched his candidacy, enjoys 11 percent support.

According to the same source, former President Fernando Belaunde has the support of 4 percent; former Senator Javier Balle Riestra, 3 percent; and former Mayor Luis Caceres Velazquez, 1 percent.

In the case of a second round of elections between Fujimori and Perez de Cuellar, Fujimori would get 49 percent and Perez de Cuellar 37 percent.

If the second round were to pit Fujimori against Belmont, the results would be 55 percent for Fujimori and 27 percent for Belmont, according to the results of this early poll.

Air Force Commander Views Drug Enforcement

PY2106133394 Lima EXPRESO in Spanish 7 Jun 94 Special Supplement p 14

[Interview with General Jose Nadal Payva, Peruvian Air Force commander, by unidentified reporter; place and date not given]

[Text] [EXPRESO] Gen. Nadal, could you tell us how the FAP participates in drug enforcement actions?

[Nadal] The FAP has been carrying out joint operations with the PNP [Peruvian National Police] since 1985, seeking to neutralize drug trafficking activities in Peru. In 1981, we verified that traffickers and terrorists had formed an alliance. The FAP then began to operate from the Santa Lucia Base because illegal activities like that threaten national security.

Through Decree Law No. 25426 of 10 April 1991 and Decree Law No. 042-DE/FAP of 16 June 1992, the FAP was legally empowered to control all landing strips in Huallaga and other places where coca is grown. The FAP is thus responsible for destroying clandestine landing strips and for downing planes intercepted in Peruvian air space that refuse to obey orders to land.

To carry out its mission, the FAP uses its A-37, T-27, Y-12, and T-41 planes as well as gunships that can operate day and night.

[EXPRESO] What are the results of these operations?

[Nadal] Since 1991 the FAP has spotted, intercepted, captured and/or destroyed about 200 Peruvian and foreign aircraft that have violated the Civil Aviation Law and/or engaged in trafficking. More than $1.2 billion resulting from drug trafficking and 3.6 tonnes of cocaine paste have also been seized.

The FAP, the Peruvian Army, and the PNP have destroyed clandestine landing strips and cocaine paste laboratories in various areas including Caballococha and Puerto Maldonado. It should also be mentioned that more than 7,000 flight hours have been invested in enforcement operations. Considering our limitations, the balance of our participation is encouraging and positive, not just because of our achievements but also because of the high morale of our troops.

[EXPRESO] What contribution is the FAP making to the current pacification process regarding the civic actions and social aide in general?

[Nadal] The FAP has stepped up its participation, as far as civic actions and social aide is concerned, through the following activities: Granting free medical attention in clinical medicine, odontology, ophthalmology, otolaryngology, pediatrics, gynecology, urology, cardiology, traumatology, pneumology, and various types of surgery, as well as medical evacuations, distribution of medicines, massive vaccination, and providing air transportation for civil personnel in emergency cases in outlying towns where the FAP has personnel stationed.

During this year the FAP has performed some 710 flight hours transporting to and from the interior approximately 15,500 people and 100,000 kg of foodstuffs, clothing, equipment, and machinery necessary for the national pacification process in which the national government is engaged.

Moreover, we have organized and implemented youth clubs called "Los Aguiluchos" [Little Eagles] that involve approximately 1,500 children between six and 12 years of age who receive clothing, civilian-patriotic

teachings, talks on the prevention of drug addiction and infectious diseases, remedial courses, sports, handicraft, and recreation.

This social assistance also reaches the parents with periodic conferences on subjects like "Responsible Parenthood" and "Child Psychology." The FAP also facilitates communication free of charge for local inhabitants at certain hours of the day.

[EXPRESO] You headed the Peruvian delegation to the latest International Air Fair in Chile. How does our FAP compared with the technological and scientific developments displayed there?

[Nadal] The fair was visited by more than 900,000 spectators where 31 countries exhibited their goods. The FAP used the opportunity to create a landmark in its relationship with the sister Latin American Air Forces by reasserting the well-known professional level of its personnel through a presentation, which was described as excellent both from the operative as well as technical viewpoint, operating 2,000 aircraft and state of the art technology.

The FAP Aircraft Maintenance Service (Seman) has proven that it is able to deal with high technology and that it provides FAP planes with excellent service. This can also be applied to other types of Peruvian or foreign aircraft.

Terrorist Crimes Prosecutor Interviewed

PY2106133594 Lima EXPRESO in Spanish 7 Jun 94 Special Supplement p 12

[Interview with Daniel Espichan Tumay, special prosecutor for terrorist crimes by "L.C.R.;" place and date not given]

[Text] [L.C.R.] Mr. Espichan, you have been involved in the permanent struggle against subversion for many years. We now seem to be at the threshold of a pacification. What can you tell us about this?

[Espichan] I do not want to sound over-optimistic, but just looking at the statistics I can say we have achieved 97 percent progress in our struggle against the Shining Path [SL] and 99 percent regarding the Tupac Amaru Revolutionary Movement. The key of this struggle, of course, was President Alberto Fujimori's decision to begin political and administrative changes and, at the same time, conduct the struggle against terrorism from the head of his government. History will confirm that there was a time before and after President Fujimori made his political decision.

[L.C.R] I believe every government over the past 14 years has made a contribution.

[Espichan] Everything failed during the 1980-90 period. Laws were issued that were contradictory from the legal viewpoint. These laws were full of mistakes that prevented us from confronting the terrorists and punishing them adequately. After that came the political decision, that is, on 5 April and, especially, after 6 May 1992 with three important resolutions: Decree Law No. 25475 issued on 6 May 1992, Decree Law No. 25499, the "Repentance Law," that was issued just six days later on 12 May 1992, and Decree Law No. 25659, the "Treason Against the Fatherland Law" which legally specifies terrorism and allows this crime to be tried by military courts.

[L.C.R] Some people believe these decrees are too harsh and that, consequently, they could have a boomerang effect.

[Espichan] These legal measures, especially Decree Laws Nos. 25475 and 25659 are harsh, but they are what the citizenry demanded because terrorism had already reached Lima. In 1991, it felt almost as if we were being defeated by the SL and somebody had to do something about it and say: Stop, either democracy prevails or we let terrorism take over the country. The final decision was taken by the president when he implemented the structural, political, and administrative changes in our country on 5 April.

[L.C.R.] President Fujimori obviously enjoyed the Armed Forces' support at that time.

[Espichan] What is quite obvious now is that the Armed Forces are playing a very significant role. If this had not been the case, we would not be heading toward a true pacification. We must mention the brilliant and intelligent performance of a brave man who not only sits behind his desk giving his Army orders at a nationwide level, but personally goes to the theater of operations to give orders and find out what is going on. I am talking about Army General Nicolas de Bari Hermoza Rios, a brilliant military officer who must be paid the highest compliments for his success as the representative of the Armed Forces.

[L.C.R.] What about the civilians, have they also responded to this struggle?

[Espichan] The citizenry is another component in this struggle. The citizens' brave, heroic attitude makes them even more worthy, considering the suffering they endure. Despite the poverty in which we live as a result of terrorism, the low salaries, and the many shortcomings, the citizenry has lost its fear of terrorism.

[L.C.R.] Also in Ayacucho?

[Espichan] In Ayacucho and other Andean regions that were severely tormented by terrorism, the people rejoice over the peace they now enjoy. Of course others rejoice over being able to return to their home towns, being able to pick up their abandoned businesses, being able to peacefully walk the streets.

[L.C.R.] Many assert that terrorism is not yet fully defeated.

[Espichan] That is true. Terrorism has yet to be defeated. I am realistic and admit there are still a few fanatics, psychopaths, but they will not succeed in Peru. There have been many changes, especially regarding the causes that gave origin to terrorism. Peru is a different country today, both domestically and internationally. This is why I repeatedly tell every terrorist to repent now that they are defeated and return to their families who need them.

[L.C.R.] The leaders greatly influence them.

[Espichan] No way. I believe terrorists have already realized that the while they give their lives for mistaken causes, the leadership gets drunk on fine wines and lives in residences that only wealthy people can afford, that they only struggle in theory and deceive their followers. This is why so many repentant terrorists have surrendered and rejoined society, the fatherland.

New Air Force General Staff Chief Installed

PY2206011194 Lima EL COMERCIO in Spanish 9 Jun 94 p A6

[Text] Yesterday, Peruvian Air Force [FAP] Commander General Enrique Astete Baca installed Lieutenant General Cesar Urday Begazo as the new FAP General Staff Chief.

The ceremony took place at the Las Palmas Air Base parade square. Present at the ceremony were members of the Air Force top command, officers, subordinates, technical personnel, and noncommissioned officers.

Moreover, at the commander general's office Lt. Gen. Fernando Moy Romarioni was installed as inspector general of the FAP, replacing Lt. Gen. Ernesto Burga.

Uruguay

Lacalle: Chile Must Abide by Mercosur Rules

PY2206010194 Montevideo EL PAIS in Spanish 13 Jun 94 p 8

[Excerpts] On 12 June, President Luis Alberto Lacalle said the incorporation of Chile into Mercosur [Common Market of the South] would give momentum to this drive for integration. He added, however, that Chile would have to abide by Mercosur rules. [passage omitted]

Lacalle said: "We consider Mercosur to be the most significant undertaking in the River Plate area since our countries' independence. It is a key factor for bringing about change. Yet Mercosur has its own rules."

On 8 June, Chilean Foreign Minister Carlos Figueroa handed to his Argentine counterpart Guido Di Tella an official proposal on behalf of his country for joining Mercosur.

Argentina at present holds the presidency pro tempore of Mercosur, and it is incumbent upon that country to officially inform Paraguay, Brazil, and Uruguay of Chile's intention to join Mercosur.

Uruguay has so far been reluctant to accept a new partner in Mercosur before its current members consolidate this free trade zone, which will become effective at the end of the year.

Mercosur is, moreover, in the throes of establishing a common external tariff, which will reportedly range between 0 and 20 percent.

Chile has set a tariff ceiling of 10 percent, which in principle precludes it from joining Mercosur.

High-ranking sources close to the Foreign Ministry told EL PAIS that Chile's possible incorporation into Mercosur will be discussed by the Latin American Integration Association (ALADI) within the framework of the Brazilian proposal to establish a South American Free Trade Area. [passage omitted]

National Party Candidate Volonte Views Issues

PY2106133794 Montevideo EL PAIS in Spanish 9 Jun 94 p 9

[Quotation marks as published]

[Text] Dr. Alberto Volonte yesterday expressed his personal belief and commitment to "coordinate and agree upon the formation of a great team," based on people from the National Party with others from parties like the Broad Front or the Colorado Party. He said this is a basic priority for success if he wins the elections scheduled for November.

These were the initial political remarks by the presidential candidate who represents two important National Party factions (the Herreraist-Wilsonist Sector and the National Proposal) following his resignation as UTE [General Administration of State Electric Power and Telephones] president.

The Herreraist-Wilsonist faction candidate wants the National Party to have a single candidate for the post of Montevideo mayor. Among his proposals, Volonte mentioned priorities like managing the country like a large enterprise, keeping the current macroeconomic policy, assigning priority to the Mercosur [Common Market of the South], pushing ahead with area policies, and promoting a broad social agreement similar to the one implemented during his tenure at UTE, which yielded very good results. Dr. Volonte added that he will promote a meeting with other National Party candidates for the presidency of the Republic (Pereyra, Ramirez, and Aguirre). He admitted that Dr. Juan Andres Rodriguez is a "great candidate" who "will honor his nomination" because he is "an exemplary National Party member."

It was not easy to talk with Alberto Volonte yesterday. He was surrounded by a great number of friends and officials who worked with him at UTE and who went to

his office to express their appreciation for what they consider a "brilliant administration."

Volonte quickly replied that he could not have succeeded had it not been by his "team." He said he had great affection for UTE and its people. It is very difficult to leave," he added.

Volonte said his campaign began yesterday with a "great meeting with his family," his wife, and his four children."

Asked about his personal opinion of an eventual single candidacy for Montevideo's city hall, Volonte said he was "a fervent supporter of the idea" but made it clear that we should give priority to "proposals" in the social area. Volonte added that he did not fear multiple candidacies.

Reiterating a constant opinion during his administration, Volonte stressed that Juan Andres Ramirez was "a great candidate" who "will honor his designation" because he is "an exemplary Blanco Party follower."

Asked about his opinion on surveys, Volonte stressed the professional work of survey companies and surveyors. He said he took them as a "reference" adding that he did not feel he was a survey "slave" and that he did not worry about surveys or how he fared in them.

He emphasized that the greatest survey "will be conducted on the last Sunday in November [election day]."

Asked if he would introduce changes in current economic policies, Volonte without hesitation said that he agreed with current macroeconomic policies oriented towards Mercosur. He added that these policies were supported by all political parties—unlike any previous economic policy.

Volonte added he would only to change the emphasis on some aspects, that he would like to emphasize social programs such as education, health, and public security."

Reporters questions forced Volonte to compare his administration at UTE with an eventual administration as president of the country.

"Countries are large enterprises in today's world. Uruguay is an enterprise full of illusions, an enterprise moved by our entire society. We believe the country can become a great enterprise. I think we can use the experience of a great enterprise like UTE on a national scale."

Volonte mentioned the need to promote a great social pact, perhaps with characteristics like the pact promoted by his administration at UTE.

"I have no doubt that there must be an agreement between those responsible for production and those in leadership positions. At UTE, we had more than a pact; we had a 24-month agreement that established labor relation rules on the way to improve workers' salaries through productivity. I think the formula can be applied to the entire state apparatus to obtain better salaries, and thus achieve agreement and understanding among all Uruguayans."

The former UTE director does not agree with remarks by some political and social quarters that his group lacks the support of a technical apparatus. He said those remarks were incorrect because the "apparatus and the organization are the people. The willingness is derived from the people. Uruguayans have an opinion and can distinguish very well. No one has to be led by the hand to vote....

The presidential candidate said: If elected president on 27 November, he will try first to reach an agreement with his party and then with other political parties. He said he would thus define his cabinet and form a great team. He said he will discuss with other leaders—those now in government and others—if they will be part of the team. The team will be formed following an agreement and discussions with other parties," Volonte said.

Volonte told EL PAIS that his first steps in the political arena will be to meet with the other National Party candidates, that is, with Senator Carlos Julio Pereyra, Senator Juan A. Ramirez, and Gonzalo Aguirre.

Former President Sanguinetti Interviewed

PY2006203794 Montevideo BUSQUEDA in Spanish 9 Jun 94 p 68, 6, 7, 8

["Summary" of interview with former President Julio Maria Sanguinetti, the leading presidential contender, by unidentified reporter; place and date not given]

[Excerpts] [BUSQUEDA] You recently signed an agreement with the PGP [Party of the Government by the People]. Why did you pursue such an agreement?

[Sanguinetti] First, we felt the country may have become entrapped in an ironclad option between an already obsolete neo-conservative concept and a populist concept of the collective type which could push the country backwards. We felt the pressing need to propose another option, an option that in Uruguay has traditionally been called Battlism and in other countries social democracy or social liberalism. The only way to save the country from having to decide between those dangerous options—and when I say dangerous I am not talking about people but about the consequences of their ideas—was to offer the country the option Uruguayans really want, that is, a market economy as free as possible with the state orientating and compensating. We felt the PGP was very close to these ideas.

Second, we felt our two movements were merely returning to our common roots. I entered the political field in 1953, when I was 17, together with Selmar Michelini and Manuel Flores Mora [reference unknown]. Batlla was already in politics at that time.

Third, we considered it essential to try to put together a coalition capable of governing. That decision meant we needed to unite with other groups. We went out looking for our old friends and possible associates to embark together in this beautiful enterprise of forming a new government to welcome the beginning of the new century.

Fourth, we felt then—just as we feel today—that the election is not yet decided in Uruguay, or in Brazil, because the idea of the demise of world Marxism has yet to percolate down to the local parties that follow that ideology. They are against history, but they are a reality nonetheless.

Fifth, we considered it essential to show to the country that we had the capacity to unite, to agree. We wanted to stop the endless political stories of divisions, splits, or attacks. We want change. We want to face the challenge of involving most Uruguayans in the belief that it is possible to improve our standards of living and our democratic coexistence day by day, without haste, without pause, and without hypocritical or destructive urgency. [passage omitted]

[BUSQUEDA] What are, in your opinion, our national priorities?

[Sanguinetti] Without defining which points are more important than others, we think it is essential to implement an education reform to review the content of our education and to prepare our youngsters for life in a more technical world. Uruguay's future competitiveness depends on what we do now in that field. It is also very important to recover our exporting capacity in order to sustain genuine growth. Improvements in this area depend on improved competitiveness. We must propose a scheme of harmonious development and avoid having to choose between the false options of either production or services. I recall in the past, we were confronted with the false dilemma between agricultural or industrial development. It the area of social development it is essential to implement integration policies aimed at reducing inequalities and marginalization. We must reform the social security system with the double purpose of assuring pensioners who live in continuous insecurity and creating a more just and lest expensive system. These four priorities are conditioned to the insertion of the country into the international and regional markets.

[BUSQUEDA] How do you see the issue of social security reform?

[Sanguinetti] For some years demographic trends have shown that today we are living longer and better, which is excellent and welcomed. But this, naturally, affects the social security system, which has become a real burden on our economy. During my administration we had two unsuccessful reform bills. During this administration, one reform attempt failed and another was partially successful and was included in the 1992 budget. There were other efforts to modify the Constitution to include the indexation concept, which was financed with the fiscal adjustment for which we all voted. But we cannot continue to discuss the issue forever. Pensioners deserve tranquility. We must be able to tell them the debate has ended because the system's future has been consolidated. Workers should have the option of joining public or private systems, as in other countries. The state cannot just look the other way. We will not advance by believing the problem will be solved by adjusting collection rates and reducing evasion. These are important factors but they are not enough. We can continue the very unfair system of ceilings. Naturally, a reform of this type requires political and social maturity, a serene discussion, without verbal terrorism, and without populist complexes.

[BUSQUEDA] Is this part of the social pact that you propose?

[Sanguinetti] It could be a very significant part of it. I, however, think a social pact should go beyond this topic. We must avoid sterile and tiring confrontations among workers, managers, and the state. We must agree and progress past the points that have been agreed everywhere else in the world.

[BUSQUEDA] What for instance?

[Sanguinetti] On increased productivity, for example, which is essential if we are to continue to maintain our companies and the country's competitiveness. Without it, we would be risking jobs, not just our salaries. This does not mean we will condition everything to productivity, but we cannot ignore the concept.

[BUSQUEDA] Broad Front candidate Tavare Vazquez dismissed your proposal of a "social pact" as an attempt to silence the workers. What is you opinion on the matter?

[Sanguinetti] We regret it. He says it is time to confront, respectfully, but confront nonetheless. He insists that we should not have state policies. I really regret that. I do not know if Vazquez made this statement during a discussion with his fellow party member Danilo Astori, who proposed something similar, or if he is arguing with us. The conclusion, however, is the same and it is very discouraging. The culture of confrontation has only produced problems for the country and losses for the workers. The workers can improve their situation with prosperity, and prosperity requires peace and investments.

[BUSQUEDA] It is said—inside and outside the government—that the trade deficit is not important, that what counts is the surplus in the balance of payments. What is your opinion of this?

[Sanguinetti] During the previous administration exports grew by more than 70 percent, since when levels have remained unchanged. The previous administration pursued an outward-looking model, whereas this administration follows an inward-looking policy. A country

may have a trade deficit for a few years, but it is impossible to sustain this situation forever. A country must export to maintain its capacity to import. To believe we can continue to import indefinitely without increasing our exports would lead us to a most risky situation. We already saw this during the times of the "Exchange Rate Table" in Uruguay and Argentina back in 1981 and 1982. We therefore have experience of this. I consider the following essential: Does anyone believe the ability to import is not linked to the ability to export? We want an open system that promotes imports, but this in turn means fostering exports. If not it will be unsustainable over time.

[BUSQUEDA] Do you believe this situation will end in a major devaluation like it did in 1982?

[Sanguinetti] One must be very mindful of verbal terrorism. Yet those who placed the country in jeopardy should provide you with the answer. These are the same experts who categorically denied there was an exchange lag last year and now they talk about it as if it were the most natural thing in the world. They say, of course, that it is unimportant. In the past, it was nonexistent and now it is unimportant. This is a totally arbitrary answer because they contend that it can be sustained indefinitely without proving how. To explain why reserves are high is a logical contradiction, it is tantamount to begging the question. We already know reserves are plentiful, the important thing is to prevent them from disappearing if the government loses credibility.

[BUSQUEDA] The thing is that for the time being there is no pressure on the dollar....

[Sanguinetti] ...Thank God....

[BUSQUEDA] ...and another fact is that the trade balance only measures goods rather than other exports like tourism. Do you take this fact into account?

[Sanguinetti] Of course, but those have always been taken into account. That is nothing new. The main thing is that the balance of payments, as a whole, is already registering problems. It is common knowledge that the inflow of foreign capital, which was prompted by the decline in interest rates in the United States, has been checked following their upturn. This is the very fundamental difference between the balance of trade and the balance of payments. Goods cannot be created overnight. Businesses require time and organization. Capital can be invested and withdrawn from financial placements in a matter of seconds; it is very volatile. The wind changes direction and it is gone. It is not I who says so—I am not an expert—Argentine Economy Minister Domingo Cavallo has brought attention to this issue with great concern. [passage omitted]

[BUSQUEDA] What do you intend to do to come to grips with the "exchange lag" about which exporters complain? Will you devalue the peso, increase tariffs, or implement tax refunds?

[Sanguinetti] One cannot view the issue in black and white; either a "major devaluation" or "no devaluation at all." The exchange rate policy, the tariff policy, and the policy on tax refunds are three elements; there are others that can be combined with them. The most important thing is to try to recover competitiveness. This is my overriding concern for the future. How will this be achieved? This is what we will have to see at the appropriate time. Here the presence of experts is fundamental. One cannot address the issue of the recovery of our competitiveness by implementing an isolated measure—not even a major devaluation will achieve this objective if it sparks a spiral of rising wages and prices.

[BUSQUEDA] In short, what will your exchange rate policy be like?

[Sanguinetti] It will be basically realistic. This will be the fundamental parameter. The exchange rate cannot be used to excess for political reasons. Every time we did that over the last 40 or 50 years the result was not positive.

[BUSQUEDA] If you governed now, would you devalue the peso?

[Sanguinetti] That is a question that should be exclusively and strictly put to he who steers the economic policy.

[BUSQUEDA] And how about March 1995?

[Sanguinetti] Nobody can in all seriousness speak about that nine months in advance. That decision depends on fundamental international factors, interest rates, neighboring countries, many things. Nobody can in all seriousness anticipate what will happen.The terrible thing is that the colossal inflation in dollars that we have has caused everybody to talk about this issue. This reveals a very important shortcoming in the current policy.

[BUSQUEDA] Your economic team includes, among others, well-known members of the economic team of your presidency: Ricardo Zerbino, Ariel Davrieux, Ricardo Pascale, and Luis Mosca, for example. If you win the elections, will you use that same team as of 1995?

[Sanguinetti] In the council, without a doubt, because they have been advising the party on these important matters without interruption since 1993. The disposition of the teams will depend on the circumstances at that time. Younger people who have emerged must also be heard. People from the PGP, for example, are very valuable and will surely have interesting contributions. [passage omitted]

[BUSQUEDA] You have said the Broad Front is your adversary, which provoked a rebuke from the National Party because it seems you will exclude them from the election confrontation. What can you say about this?

[Sanguinetti] Regrettably this is the sum of incomplete information plus inexact interpretations. We respect everyone equally and insist that the election has not yet

been defined. For about two years now the Broad Front has led the polls without interruption in Montevideo, with the Colorado Party closing every day and the National Party continuing to drop behind. In other words, fair or not, the Colorado Party is the only party in a position to defeat the Broad Front. Things may change tomorrow, but this is how matters are, and have been for some time now. At the national level matters are not the same, but nobody can dispute the fact that the Colorado Party is the only organization with a chance of defeating the Broad Front. This is a dispassionate and measurable fact. [passage omitted]

[BUSQUEDA] It seems you are making Tabare Vazquez, the Broad Front candidate, out as "dangerous." Is that so?

[Sanguinetti] In no way.I really respect him. He had not occupied an important public post and yet he won the Montevideo mayoral elections and maintains his popularity. He is an extraordinary man. He merits all my respect as a veteran politician who knows how difficult it can be. I disagree with many of his ideas and I disagree with the Broad Front as a political party. But that is normal in the democratic debate. I greatly respect and have a lot of affection for [Broad Front Leader] General Liber Seregni, but this does not mean that I cannot continue to disagree with the Broad Front.

[BUSQUEDA] But you gave more importance to the confrontation with Mayor Vazquez: When he spoke of establishing a "collectivist" society, you criticized him very harshly....

[Sanguinetti] ...it is generally said that all ideas are respectable, but this is not so. Individuals rather than ideas should be respected. There are loathsome ideas like racism, which must be combated. There are despicable ideas like collectivism, which advocates the abolition of private property. Thus my considered opinion is that one must fight against it.

[BUSQUEDA] You have one dispute with the Broad Front and another with the current administration, which cropped up recently, during the election campaign. Government officials have compared the economic results under your administration with the present economic achievements and conclude that they fared better than you. What do you have to say about that?

[Sanguinetti] I neither encouraged that comparison nor think it is relevant because the important thing is the future. Yet if one wants to look at objective economic indicators—as government officials claim to do—we have a clear conscience. During the four years 1985 to 1989, the GDP grew by 20.7 percent whereas during four years under a Blanco Party administration the GDP grew by 13 percent. While this is not bad, it is much less than under our administration. Exports in dollar and volume terms rose by 73 percent during my administration while now they are stagnant. This is a most serious situation because it has led to an all-time record defcit of $700 million annually. This proves the driving force behind the country's economic growth, namely the modern sector that exports and purchases technology, has ground to a halt. Salaries—something basic—increased by 30 percent in real terms under the previous administration. I repeat—in real terms. I am not speaking in dollar terms as is done now. We are all aware that this is misleading when there is a 20-percent annual dollar inflation. During President Luis Alberto Lacalle's tenure, salaries have risen by just 3 percent in real terms. This is a very significant difference, which shows the fundamental contrast between adjustment with growth—as done during the previous administration—and a merely financial adjustment as is done now. I think that these are overwhelming figures, which by the way are all official. [passage omitted]

[BUSQUEDA] Economy and Finance Minister Ignacio de Posadas has said that you are telling "lies," that you are engaged in "cheap demagogy." Have you any comments on that?

[Sanguinetti] I would like to believe that it was just said in a fit of temper. [passage omitted]

[BUSQUEDA] Another subject that led to estrangement between you and the current administration is the policy on the Armed Forces. President Lacalle has hinted that not "everybody" helped when he faced problems in this area, obviously alluding to you. What is your opinion of it?

[Sanguinetti] I acknowledge, much to my sorrow, that we had a difference of opinion on that issue. This should never have happened. Unfortunately, our differences began during the period between the two administrations when the president wanted to appoint a Navy commander in chief who did not have the rank of rear admiral, but was a ship-of-the-line captain. He completely overlooked the four rear admirals on active service. I am not crazy about the criterion of appointing the most senior in military matters. He could have chosen the first, the second, or the fourth, but he should not have outflanked them all, especially when it was obvious he was trying to nominate somebody very close him politically. That was the starting-point of our differences. We never wanted to make them public until they went beyond what was reasonable. As a result of the interpellation proposed by United Batlleism Senator Carlos Cigliutti, the Defense Minister Mariano Brito fell as he acknowledged that a general had engaged in telephone espionage in a case involving his colleagues. These events did not entail a confrontation between the military and civilian powers, but rather infighting within the Armed Forces sparked by those whom this administration favored with a post within the government. Moreover, the one responsible for this espionage, General Mario Aguerrondo, presently enjoys a remunerative job—paid in dollars—abroad. This has caused great damage to the general climate within the Army. It is really most regrettable and I hope we will be able to overcome it.

[BUSQUEDA] Do you not believe the situation improved with the appointment of [Army] Commander in Chief Daniel Garcia?

[Sanguinetti] I take his good intention and honest purposes for granted. Unfortunately, his methods have sometimes led to internal debates and questioning. This is not good because the Armed Forces need unity and we should all help to promote this unity. We will never build anything by fanning the flames of controversy. The reason for our success in the transition period was to a large extent that we always strived for unity and professionalism.

[BUSQUEDA] The Batllist Forum has said that during this administration the Armed Forces have been "stripped of their professionalism" and "made to become partisan." If you won the elections what would you do to revert this situation?

[Sanguinetti] Our administration is a good example of how it ought to be done. The first general I had to promote was General [Juan M.] Rebollo, the son of a Blanco Party minister, and one of the last was Lieutenant General Garcia, when nobody expected this promotion. We decided on it simply by rigorously analyzing his professional merits. Any government that seeks to preserve the Army's unity will act the same way.

[BUSQUEDA] Do you feel hostility towards the president?

[Sanguinetti] By no means. Dr. Lacalle is the president of the Republic and I have no right to feel hostility toward him. We may have some differences of opinion, but I have had—and will always have—the greatest of respect for him both as a person and on account of the high post he holds.

Roundup of Economic Reports

PY2006161194

[Editorial Report] The following is a compilation of reports on economic activities in Uruguay monitored through 16 June.

According to the Central Bank, the central government registered a $15 million deficit in April compared with a $24 million surplus in the same month last year. Tax revenues declined 2.2 percent and export earnings fell 5 percent due to tariffs cuts. The government's surplus in the first four months of the year shrank to $14.1 million compared with the $103 million surplus in the same period in 1993. The reason is that government spending increased 11.7 percent in real terms in the first four months of the year compared with the same period last year. Social security expenditures, which represent 41.3 percent of the government's current expenditures, showed the highest increase—23 percent. Investments rose 45 percent, totaling $120 million in four months. (Montevideo EL OBSERVADOR ECONOMICO in Spanish 6 Jun 94 p 9)

In its Monetary Balance released on 3 June, the Central Bank, BCU, reported that its net international reserves have maintained the rate of growth registered since July 1993 with the exception of November 1993. They increased $21.2 million in May, thus totaling $1.28 billion. This performance indicates that despite the growing trade deficit the balance of payments continues to show a surplus, which amounted to $78 million in May. The two main factors that accounted for the rise in reserves were a $35 million increase in banking system deposits in the BCU and the net purchase of $23.5 million in foreign exchange by the BCU. Despite the increase in net international reserves in May, the BCU foreign exchange position registered a $4.5 million contraction last month, declining to $44.6 million. The BCU Monetary Balance also reported that the money supply contracted in May due to a reduction in net domestic credit, which was prompted by the increase in the banking system deposits in the BCU. (Montevideo BUSQUEDA in Spanish 9 Jun 94 p 31)

Industrial production was down 18.1 percent in the first quarter of the year. Excluding oil refining, which has been paralyzed since April 1993, the contraction in industrial production was 5.9 percent by volume. The sharpest decline was in "chemical substances," mainly due to the aforementioned paralyzation. The drop in the employment rate is seen in both the 12.6 percent decline in hours worked as well as the 13.6 percent shrinkage in hired workers. This is especially significant in the "textiles, garments, and leather industry." (Montevideo EL PAIS in Spanish 9 Jun 94 Market Indicators Section p 1)

The BCU reported on 3 June that Uruguay's net external debt decreased 3.7 percent to $1.838 billion in the first quarter of the year due to an increase in international reserves. The gross debt, however, increased $77 million, totaling $4.369 billion at the end of March. Liabilities in the nonfinancial public sector were $3.7466 billion. Loans to the central government and government-owned enterprises accounted for more than half this amount while liabilities from the issuance of public securities in foreign currency accounted for the remaining $1.558 billion. (Montevideo EL OBSERVADOR ECONOMICO in Spanish 13 Jun 94 p 9)

Venezuela

Foreign Minister on Colombian President's Election

PA2106184194 Caracas Radio Union Network in Spanish 1100 GMT 21 Jun 94

[From the "Union Radio News" newscast]

[Text] According to Foreign Minister Miguel Angel Burelli Rivas, the election of a new Colombian president will not change relations between Venezuela and Colombia.

Burelli has said Venezuela is quite pleased with the results of the Colombian election in which Liberal Party candidate Ernesto Samper was elected president.

The foreign minister said the fact that the marine and submarine area delimitation issue in the Gulf of Venezuela had not been discussed as part of the election campaign is a very encouraging sign for bilateral relations.

The new Colombian president, Ernesto Samper, will take office on 7 August.

Fogade President Views Interventions

PA1806122094 Caracas Venevision Television Network in Spanish 0300 GMT 17 Jun 94

[Interview with Dr. Norys Aguirre, president of the Venezuelan Deposit Guarantee and Banking Protection Fund, Fogade, by Alfredo Pena at the Venevision studio in Caracas on the "Talking With Alfredo Pena" program—live]

[Excerpt] [passage omitted] [Pena] Media polls—and you most probably have seen a few of them—indicate that the people are complaining—justifiably in my opinion—that the government has lied—I do not know whether deliberately or for emotional reasons. After the Banco Latino intervention and the banks began to receive aid, the chief of state and all others under him said that there would be no bank interventions. The [word indistinct] said this. We should be able to trust the word of the chief of state, of his finance minister, and of other high-ranking officials. Look at what is happening now. What do you have to say about this?

[Aguirre] Good evening, Mr. Pena. Thank you very much for inviting me to this program. I would add the name of Fogade [Deposit Guarantee and Banking Protection Fund] President Norys Aguirre to the list you mentioned, because I said the same thing; that there would be no other interventions. I think, however, that after the program to aid banks was instituted on 25 January, the authorities had the best intention and the firm determination of not ordering other interventions, because of the dramatic and traumatic effects that they have on depositors, especially on the creditors of the institution involved.

We tried to rehabilitate these institutions, we tried to cover their losses through the guarantees fund, and we tried to keep them open. We started an analysis of the situation to study alternatives due to the magnitude of the losses [perdidas de balance] that we detected and based on the inspections and subsequent reports filed by the Bank Superintendency, due to the operational losses accumulated by these institutions in the past six months, and due to the deterioration caused by deposit withdrawals—which did not stop despite all our statements and the efforts we made in the past two weeks. We discussed what to do with the institutions to avoid an intervention. An intervention process is not something done gradually. [sentence as heard] It must be evaluated, thought over. We did that for two weeks. Although we said that there would be no more interventions, we had to make this decision along with the commissioner [not further identified]—who was invited to all these working meetings—in which we worked as a team, as Venezuelans who seek to solve this problem. We had to make this decision.

[Pena] You have just reminded us that you said this very same thing when you were appointed to Fogade. You repeated those same words a few days ago, and they are recorded in Fogade's minutes. The media also reported on what you said. You said that meetings were held to discuss the recapitalization of the banks and to make changes in the boards of directors. You said that if the former owners do not have the money to recapitalize the banks, that you would recapitalize them but never (?save them). What does this mean?

[Aguirre] The meetings were scheduled by the General Bank Superintendency—they began on 2 March—and were suspended when I was appointed. At that time we had a problem; we did not know exactly how much the losses amounted to and the deadline for the meetings were not met. This being the case, those meetings could be contested or be subject to lawsuits. Therefore, it was not necessary to do this. The General Bank Superintendency ordered the meetings. Except for the Maracaibo meeting, which was held on 2 June, the meetings were held between 23 and 25 May. However, by late May, the directorate began to review the reports presented by the appointed boards—and who did an excellent job in only one week—we realized the situation was so bad that we asked the General Bank Superintendency for an urgent working meeting with the superior council to study the assets situation. In addition to the legal problems this could entail, Fogade had decided not to cover the losses in light of the huge amounts this represented.

[Pena] You decided not to cover the losses because [words indistinct]?

[Aguirre] No. We attended the meetings and made offers without having in-depth knowledge of the situation.

[Pena] How could you offer to recapitalize those institutions without having in-depth knowledge of the situation?

[Aguirre] Because there was a legal requirement we had to meet in light of some contracts signed in January.

[Pena] According to statements made by the president of the Superior Court for the Protection of Public Property, the court is going to investigate public officials who participated in that process. Those officials are: the president of the Central Bank, the president of Fogade, and the superintendent of banks. I believe the Superior Court for the Protection of Public Property is doing the right thing because to allegedly protect the depositors, you have released more than 500 billion bolivares. These 500 billion bolivares belong to those who are working on

this program with us and to those who are listening to us. The Comptroller Law is very clear in this regard. All those who handle state money must account for it. This means that the court can investigate you. Someone has to account for that huge amount of money that has caused inflation and hunger among the people.

[Aguirre] That is right. All those who handle money must account for it. Not only state money; this also applies to the private sector. We have a comptroller and we have officials that we must account to for all that we do. I agree that an investigation should be conducted. When I was appointed in early May, late April, I asked the Office of the Comptroller to help me. I want the Office of the Comptroller to guide me through this. I do not know all the laws and requirements, therefore I need the help of the special organizations. I do believe that all of us who have had something to do with this process, since 25 January when we began providing financial aid to the Bank of Maracaibo, will have to account for what we have done.

You said that 504 billion bolivars were disbursed and that this money belongs to you and all those who are here. I agree with you completely. It belongs to all the Venezuelan people and that is why I have always said that the financial aid program, as implemented, had to end. This is why Fogade, and Norys Aguirre in particular, felt this program had to end as soon as possible.

[Pena] On the other hand, it has been said in the Venezuelan legislature and courts that funds have been diverted. We are talking about money that was supposedly meant for depositors but which had a different destination, funds that were transferred to be exchanged for dollars, or funds that were improperly used. If that is the case, who is responsible for the use of funds that belonged to Venezuelans, or for the operations carried out by the quote, bank owners, unquote, or for any other money transfer? Who had control over them, or did they not have to answer to anyone?

[Aguirre] As soon as subsidies [auxilios] are distributed, a document must be issued under oath. Each time the required funds [requerimientos] were delivered, a document was issued under oath explaining the origin and use of the funds, the amounts requested, how it would be used, and who received the money. We are currently investigating the cases when this was not done or when someone gave false information. There is a court supported by experts from the Superintendency of Banks, the Central Bank, and the Judicial Technical Police [PTJ].

The Superintendency of Banks is wholly responsible for the supervision process. I believe it is important to understand the role played by each of the parties involved. Fogade was created to protect depositors, to protect and guarantee the stability of the financial system, and to act as a liquidator in cases approved by the Superintendent of Banks. The Superintendency of Banks is in charge of overseeing, controlling, and supervising all activities of the financial system. Fogade delivered and implemented the program of financial assistance. The Superintendency of Banks subsequently evaluated and supervised all activities. That is why there is a judge now, and we must let the judge do his job. The judge has announced certain measures. If another judge is appointed, as I have read in the press, he will also do his job. They are the ones who must determine who is responsible.

[Pena] Today's edition of EL UNIVERSAL contained an article by Gustavo Gomez Lopez in which he states that the intervention of his institution was conducted without any type of financial assistance, that they were barely given a chance to breathe, that criminal charges were filed against them, and that 83 arrest warrants were issued against the bank. He said that the same thing will happen with these eight banks. That is what Gomez Lopez said today in EL UNIVERSAL. What are your comments?

[Aguirre] It is difficult for me to give my opinion. First, I have not read the article completely, and second, I was not involved in the intervention of Banco Latino. I do not know how the intervention process was conducted. I can say that as a result of the Banco Latino crisis, and to protect and guarantee the stability of the financial system, when depositors began withdrawing their funds from the banks in Maracaibo and in Barinas, which were the first two affected, there could not be interventions or closures at other banks because it would have been harmful and created instability. That is why the financial assistance plan was implemented. The problem with this plan was its duration. The financial assistance plan—as it was created—was supposed to last one or two weeks at the most. Unfortunately, and as we are all aware, due to the many external and internal factors affecting each of the parties involved in this problem, the final solution was postponed.

[Pena] The government seems to have lost ground in the most important area: credibility. President Caldera, as you well know, promised to stabilize the bolivar. In the first three months of his administration, however, the bolivar has been devalued 60 percent. He also promised to eliminate the zero coupon. The zero coupon today has reached 60 billion bolivares. If the average interest rate is 60 percent, the Central Bank will have to pay those banks more than 300 billion bolivares in interest. We do not know where it will come from. Although he promised to curb inflation, inflation this year could surpass 100 percent if things remain the way they are. Right? In addition, with these subsidies and with the law that will be implemented now for 400 billion bolivares, we will have a deficit in the GNP of 17 percent. In any country on earth, that is called hyperinflation. A few days ago we were told that interest rates would go down, but interest rates are again at almost 80 percent. How can we believe government representatives who say one thing but do another?

[Aguirre] I believe the president is the person who, with his authority and credibility, informed us of the country's situation. On 2 February he announced his government's plan. People understood there was not going to be a change of control because the situation stabilized. I think the way in which conditions evolved made us take other measures. The government has worked hard to stabilize fiscal accounts. The objective of this public credit law is to meet depositors' needs and end financial subsidies once and for all, subsidies that were taking us back to that [word indistinct] path you mentioned. I think the Bank Superintendency Superior Council members made their decision taking into account the country and the fact that we could not continue with the subsidy program. We would have reached rates in excess of the 80 percent you mentioned, even three-digit inflation rates.

[Pena] Do you think that what has been happening here is typical of Venezuela and perhaps of the Third World? People hear rumors in the streets, but the government says they are lies. Take the banks as an example. People started withdrawing money and dealt a heavy blow to the more than $3 billion in reserves. The allegedly financially sound banks took the other funds. Since they allegedly did not have a place to deposit those funds, they were resold to the Central Bank of Venezuela at higher prices. That is what the commissioner called the perverse cycle, which is still alive and well. These banks went so far as to attempt to penalize pubic officials who, by taking precautionary measures, wanted to withdraw these funds from the banks to avoid what happened yesterday at the Metropolitan Bank and other banks, where people were about to rob them because their payrolls [nominas] could not be paid. These officials who were withdrawing the funds from the banks wanted to protect their workers. The economic team and the team that supervises the financial market made public statements saying that public officials would not be allowed to withdraw money from these banks.

[Aguirre] Fifty percent of the money deposited in these banks belong to 90 percent of the depositors. When those people start being paid next week—and I know this is a big effort—they will get some respite, because we will begin implementing our payment program. That is why the Bank Superintendency, Fogade, and the Finance Ministry are hurriedly working to keep the schedule of payments announced by the Finance Ministry and Fogade. We must pay them because they are not responsible for this crisis.

Let me go back to the beginning of your question when you said there is a perverse cycle, as the commissioner mentioned. You are exactly right. That is what we are trying to end, and it ended on 13 June. The cycle no longer exists because it already ended.

[Pena] It just ended?

[Aguirre] Yes, it just ended.

[Pena] In ended after the Venezuelan economy bled for three months due to this perverse cycle.

[Aguirre] We want these deposits to remain in the institutions. Deposits must remain there because if there are any problems with the financial system or liquidity, it is one of the state's functions to help the institution, to adopt pertinent measures, to replace administrators, and to impose sanctions. The government must do all this the first day. It should not have to wait five months. I cannot argue this issue with you. I am totally convinced that this situation should have ended within the first week or the first 15 days.

[Pena] As for the guarantees, you have insisted that they fail to back loans. It has even been said that in addition to Venezuelans' wearing a tax necklace, we will be lucky if we recover 30 or 40 percent of those 500,000 or 800,000 [not further specified]. We do not know what it will amount to. We do not know if there are inflated assets, and we do not know if we were given bad portfolios. We were paid with securities and portfolios which could be bad. It seems the only thing that could be useful are T-bills and other state securities. The truth, Dr. Aguirre, is that we do not know what the rest of these securities are.

[Aguirre] The state has received about 405 billion [currency not specified] worth of physical inventories taken by Fogade. Of that 405 billion, some 8 or 10 billion were received in securities and stock from some companies, stock that was estimated at its par value, I should say. We have yet to determine if these companies are profitable, viable companies. We do not know if within the group of financial institutions involved in the intervention—some 59 companies—there are institutions that can be immediately turned around to ensure continued production. We have received about 800 billion bolivares worth of properties. Someone said the other day in a local newspaper that a property received by Fogade at its book value of 120 million bolivares must be worth much more than that. We all know it is worth much more.

[Pena] It is worth less. The thing is, inflation is gobbling us up.

[Aguirre] No. It is worth much less.

[Pena] You get a building for 30 [number as heard, currency not specified], at real prices. It is not worth 30, but they offer it for 30. It is really worth 10 and they paid the price to hand it over to Fogade. Of course, in six months time, they will want to invoke the same argument they presented before [words indistinct]. That is: Everything I transferred is worth a fortune now. Of course, because the currency has devaluated, and what with the current devaluation rate things are terrible.

The main issue, madam, is that you said and affirmed you are going to pay these people their money.

[Aguirre] Up to 4 million bolivares.

[Pena] Up to 4 million. I understand there was a meeting yesterday between Luis Alfaro Ucero and Treasury Minister Julio Sosa Rodriguez. Alfaro Ucero told him: We can help you get the Public Credit Bill approved. We need to know, however, what you are going to do. Are you going to nationalize the banking system or what are you going to do? I ask you that same question. Alfaro Ucero was clear in warning: If you do not tell us what you plan to do, then we cannot support you and the Public Credit Bill will not be approved. Are you planning to nationalize the banks? Are you going to reorganize the system? What are you really going to do? No one really knows.

[Aguirre] I think they do. That is the role....

[Pena, interrupting] Are you going to nationalize?

[Aguirre] Heavens no. Excuse me, but I think it has already been said. I think there has been effective information. That is the General Bank Superintendency's job. It is not my place to comment on their responsibilities and what the Superintendency is doing. However, as a member of the High Commission and a participant in the discussions and the work sessions we have held, I can say the General Bank Superintendency is working with the rest of the financial system. As you may well know, all of the local banks must file an adjustment plan by 30 June. It is the 15th [date as heard] today, so there are still 15 days for the banks to present their plan. According to the new General Banking Law, these plans must be studied, discussed by the Superintendency and the banks, and put into effect on 1 July.

[Pena] Why did you dance around? They closed the Banco Latino for 85 days. There were several suicides, demonstrations, and violence in the streets of Caracas and other cities around the country. Following the 85 days of torture and sadism against the savings accounts holders, you decide to reopen it. You put a 10 million ceiling. You imposed no limitations on the banks being bailed out. You said: We are going to protect the account holders. But anyone could withdraw however much he wanted. I understood that protecting the savings accounts meant up to 10 million. In the United States the ceiling is $100,000, as it is anywhere in the civilized world, except here. Here it was take as much as you can. Up to now we have given out 500 billion bolivares. You let these others pull out however much they wanted for three months. Meanwhile you discriminated against the Banco Latino account holders, who you forced to capitalize and limited to 10 million. Now, you seem to have thought over the matter and limited withdrawals to 4 million. Still, those who did not comply with Fogade's conditions were allowed to take everything they wanted. Is that fair, Ms. Aguirre?

[Aguirre] [sighs] That is why, when Fogade holds its general assembly, it will study the possibility of increasing the guarantee limits to 10 million bolivares. There is one specific thing that cannot be hidden. The Banco Latino savings account holders were allowed up to 10 million bolivares, based on a special transitory law or a temporary provision of the emergency banking law. The account holders were paid every penny within five months. Now we have said the limit is 4 million bolivares.

[Pena] Was it possible to do that from the beginning?

[Aguirre] From the very first days of May, when I....

[Pena, interrupting] Why not limit the others as you did with the Banco Latino?

[Aguirre] The limit is in effect.

[Pena] Why was the limit not imposed on the other affected banks, as you did with Banco Latino, from the very first day?

[Aguirre] That is what we did following our decision on 13 June. I cannot judge what was done as of 25 January.

[Pena] Allow me one last question. President Caldera said he would not hesitate to sign currency exchange controls. Judging from the way things look now, I would say we are closer to that decision than when he said he would not hesitate. Inflation is higher and reserves are dwindling. I hope you give a lot of thought to what you plan to do about that. It is a decision the president must make and only he knows what he will decide. He has enough experience at this, and I hope we do not go back to the days of the Differential Exchange System, which was a monster I hope never returns. It was used to extort private enterprise, particularly the media. The politicians, led by President Lusinchi, got rich with it. There was a Chinese individual implicated in this, who was so glorified that they are going to make a movie about him. Everyone else came out smelling like roses, while Venezuela was left impoverished.

Along with the banks, you are now the owners of media corporations, investment funds, resorts, hotels, and much more. Now we have a government that preaches that it is going to privatize things, while it is becoming the owner of an enormous piece of the economy.

[Aguirre] The state has not become a proprietor of its own choosing. I believe the government's policy and philosophy is to privatize and be able to deal with its own responsibilities and the things the government team is trying to do.

We have also established, and we have said this, that independent of who does the privatization—be it the Investment Fund, Fogade, or salvage companies—the important thing is that the state be able to sell all these assets in accordance with established sale plans without further harming the economy. You cannot sell.... [pauses] I cannot put 79 billion bolivares in property on sale today because I would drown the real estate market. This has to be planned.

[Pena] But there have to be many international banks interested in purchasing those banks.

[Aguirre] There are banks interested. But we also have other assets that were put up to guarantee the financial aid.

[Pena] But I am talking about the banks.

[Aguirre] There are eight banks and there are banks interested.

[Pena] Local banks?

[Aguirre] Foreign banks. But the foreign banks must study the banks before they buy. You just do not buy for the sake of buying; you have to know what it is you are buying. Venezuela, through Fogade, will have to issue a letter of intent. This is done in every country of the world.

[Pena] When bankers are making a profit they do not remember us, but when they report losses, we are the ones who lose.

[Aguirre] That is why the state is trying to establish who is responsible.

[Pena] I hope so because I have seen nothing that the state is doing. I have not seen the state filing suits against those people.

[Aguirre] Well you will....

[Pena interrupting] Excuse me, Dr. Aguirre. I have heard you say that the courts are responsible for determining the guilty party. However, it is the responsibility of the state to present charges. The state did not consult the Venezuelan people when it used our money. A referendum was not held before using 800 billion bolivares or before raising inflation to almost 100 percent. Since the state handled the matter as it did, then it should accuse the guilty parties in court. They should be in jail.

[Aguirre] Fogade appointed its administrators at the meetings, people that we removed from where they were working and who sacrificed much to help the state. As soon as they gave us their report and as soon as we received the report from the General Bank Superintendency, Fogade and the government ordered the intervention. Fogade and the government are willing to determine who was responsible and become the accuser if necessary. If there was poor management and if there was fraud, we will become the accusers of all those administrators.

[Pena] Thank you Fogade President Dr. Norys Aguirre.

MAS Deputy on Subsidizing Intervened Banks

PA2106133194 Caracas Union Radio Network in Spanish 1100 GMT 17 Jun 94

[From the "Union Radio News" newscast]

[Text] MAS [Movement Toward Socialism] Deputy Julio Castillo, a member of the congressional Permanent Finance Commission, has said it would be a serious mistake for the government to continue subsidizing intervened banks. He said the financial assistance granted thus far is equivalent to approximately half of the next national budget.

According to Castillo, the financial assistance granted thus far to banks experiencing problems of liquidity had unleashed the inflation process, which is the usual consequence of releasing inorganic funds into a weakened economy such as Venezuela's. Castillo said his party will ask the executive branch to step up the process of reopening the intervened banks so they can pay their depositors.

Interior Minister on Bank Situation, Cartagena Summit

PA2106223594 Caracas EL NACIONAL in Spanish 17 Jun 94 p 1-19

[Report on an interview with Venezuelan Interior Minister Ramon Escovar Salom by an unidentified reporter at the Presidential Palace in Caracas on 16 June]

[Text] Upon leaving the Council of Minister's meeting yesterday, Interior Minister Ramon Escovar Salom said that what we have in the country right now are rumors, rumors, and more rumors.

[EL NACIONAL] The Defense Ministry said it has information.

[Escovar] The Interior Ministry has plenty of information, but I have nothing to disclose at this time.

[EL NACIONAL] Do you fear public disorder due to the bank interventions?

[Escovar] Let's wait and see how things unfold. So far we have reports of only small incidents, of which you are all aware. Right now—it is a little past 1400—I know of no demonstrations in Caracas or anywhere else in the country. There has been gossip on the street here and there, but nothing to be concerned about. There are, however, many rumors. There is a rumor factory.

[EL NACIONAL] Coming from whom?

[Escovar] The rumors come from groups which have an interest in spreading them. I have said I will make a statement on that particular issue and I will, but not at this time. [end Escovar]

Referring to the decree issued by former President Carlos Andres Perez granting Venezuelan citizenship to the children of illegal aliens, the minister stated:

[Escovar] The decree that is in effect is one of the most important documents handed down by former President Velasquez. Decree 1,911, issued by President Perez, was an irresponsible act against Venezuela of historic proportions because it granted more privileges to illegal aliens that Venezuelans have themselves. When I was prosecutor general, I opposed the decree right from the start.

I have no doubt whatsoever that the Supreme Court of Justice will revoke the decree. When the time comes for the Supreme Court to make its decision, the prosecutor general will present his case with the arguments he deems best at the appropriate time.

[EL NACIONAL] Do you believe there are sufficient arguments to sustain his case?

[Escovar] Of course, more than enough.

[EL NACIONAL] Will you participate?

[Escovar] No, I will not participate because that is no longer within my realm of responsibility. President Velasquez's position was supported by 80 percent of the Venezuelan people, and President Perez's position was rejected by 80 percent. [end Escovar]

Foreign Minister Miguel Angel Burelli Rivas spoke of the recently concluded fourth Ibero-American conference in Cartagena (Colombia), which was attended by President Rafael Caldera.

The discussion included integration, trade, and development, but from the beginning it was obvious that politics would, in a casuistical manner, be worked into the agenda, as is the case with Cuba.

[EL NACIONAL] What did you think of Fidel Castro's statements?

[Escovar] First I would say that Castro's speech, his formal speech at the inauguration, was an age-old speech that predated the end of the Cold War. It was a memorandum of offenses, of the embargo, and against the United States. More important, however, was what happened next: First President Caldera, and then several other presidents, invited Castro to join the inter-American system from the political and legal viewpoint. In other words, he was asked to accept the rules of the game of a community such as that which exists in this hemisphere; that is, rules based on democracy and human rights.

As for the achievements (?) of the Castro regime, Burelli Rivas said: My opinion is like that of any individual who has the democratic conviction that there is no substitute for freedom and that social development is not incompatible with the exercise of freedom.

[EL NACIONAL] What about his statement that he will hold elections in Cuba when Cuba is integrated into Latin America?

[Escovar] When he was asked to have changes made in Cuba with him instead of against him, his final statement was, in essence, what had been suggested to him. He asked to be allowed to join this community whenever there is a broad Latin American integration. Well, Latin American integration is moving quickly through various channels, and now we are trying to unify all our projects. One of the states at the summit offered to host the unification meeting, organize all the integration projects, and expedite efforts for our countries to join NAFTA and the EU earlier than scheduled, which, of course, is not this afternoon or tomorrow.

[EL NACIONAL] Who suggested that?

[Escovar] The president of Paraguay offered Asuncion as host city for a unification conference to discuss various projects that are in progress and should be consolidated. I think the OAS could do a lot in that sense as well. It could serve as the focal point for all integration plans that are currently spread out and which seek the same goal.

[EL NACIONAL] Is it true that the Cuban president was invited to Venezuela?

[Escovar] No, it is not true.

Court Asked To Probe Illegal Banking Activity

PA2106183794 Caracas Union Radio Network in Spanish 1100 GMT 17 Jun 94

[From the "Union Radio News" newscast]

[Text] The Attorney General's Office, through Prosecutors Dumer C. Monzon and Josefina Itriago, has asked 21st Penal Court Judge Cibeliz Duran to investigate alleged illegal activities that may have prompted the eight banks in which the government has intervened to go bankrupt. The inquiry will not conflict with the 26th Penal Court's investigation because it will deal with the manner in which government financial assistance was used.

Meanwhile, the Superior Court for the Protection of Public Property [TSS] has also initiated an investigation into alleged irregularities at the eight banks. The Superior Council of Judges must decide whether the case falls under the jurisdiction of the TSS or whether Judge Duran should hear the case.

Deputies To Question Sosa on Financial Crisis

PA2206010694 Caracas Union Radio Network in Spanish 2200 GMT 21 Jun 94

[Report by Zaida Pereira; from the "Union Radio News" newscast—passages within quotation marks are recorded]

[Text] It is definite. Finance Minister Julio Sosa Rodriguez will be questioned by the Chamber of Deputies plenary at 1600 on Thursday. This decision was made by the Chamber of Deputies after Deputy Ramon Guillermo Aveledo, head of the Social Christian Party parliamentary faction, made the respective proposal.

[Aveledo] "The position is to analyze the problem responsibly and seriously in order to contribute to solving the financial crisis and to contribute to restoring

confidence. That is why, first, we will not state any position on a censure until we hear the minister. He must appear before the Chamber of Deputies to explain the government's policy and he must respond to questions by the deputies so that we can reach an opinion on this subject."

Also, the questioning of Gustavo Roosen, presidential commissioner for financial reforms, was requested. He was harshly criticized by diverse deputies, including Social Christian Party Deputy Luis Estefanelli.

[Estefanelli] "Dr. Gustavo Roosen has had, let us say, the highest record of generating the flight of currency with the remarks he has made. Every time he speaks, Mr. Roosen has generated macroeconomic distortions in the system. We don't know with what kind of intentions, whether it was good, bad, or naivete. I must say that it is difficult to believe that a man of his prestige would speak naively."

The proposal to question Roosen, however, has not been approved. It could be voted on this Wednesday. For his part, Luis Emilio Rendon, Democratic Action [AD] Party deputy, expressed his party's political position on this.

[Rendon] "We have proposed the total removal of the economic cabinet by President Caldera. We believe that, once the financial and fiscal crisis of the country has been evaluated, we must assess the efforts that have been carried out by the economic cabinet. We think that we should not limit ourselves only to censuring the finance minister, but should go even further. The entire economic cabinet has turned in a negative work effort, an insufficient balance in terms of the tasks assigned to it. There are eight banking institutions that shut down yesterday."

For Edgar Romero Nava, president of the Venezuelan Federation of Associations and Chambers of Commerce and Industry [Fedecamaras], to request the resignation of the economic cabinet is to bring on a crisis. The Fedecamaras president said that everyone must be in agreement on economic matters, because the country needs alternatives rather than criticism. He noted that the censuring of the finance minister is political rather than economic. He said it is essential to provide solutions and this is what the political parties should strive to achieve.

[Romero] "I believe that we should all reach an agreement on economic topics. Rather than broaching this in a negative manner, why don't we sit down and make a concerted effort to all get together to try enact the necessary laws. We have to reduce ministries, we have to privatize, we have to review the social security system. For instance, the United States has 12 secretariats, while we have 26 ministries. There are many things that have to be done here. Let us see where we agree. Let us try to inject the economic mechanisms into the country and boost optimism among the Venezuelans."

Romero Navas announced that as of 17 July the 50th annual Fedecamaras assembly will be held to analyze, among other things, the government's economic package.

Executive Instructs Fogade To Pay Depositors

PA2106141294 Caracas Union Radio Network in Spanish 1100 GMT 21 Jun 94

[From the "Union Radio News" newscast]

[Text] The executive branch has instructed Fogade [Deposit Guarantee and Banking Protection Fund] to immediately pay up to 4 million bolivares to depositors of the eight banks intervened by government decree, in accordance with Article 23 of the special law protecting depositors and regulating emergencies at banking institutions.

The measure was adopted at a special Council of Ministers meeting at Miraflores Palace, where the issue was examined in barely 10 minutes. The ministers interpreted the text of the law, according to which it is not possible to wait until the banks in question are rehabilitated or their debts settled to return depositors' funds.

The announcement was made by Finance Minister Julio Sosa Rodriguez, who said the 13-article decree explains the situation. Sosa has announced the General Bank Superintendency, Fogade, and the interveners of the eight banks, who were discussing payment schedules, have already been notified of this decision.

[Begin Sosa recording] Payment of the 4 million bolivares will begin, to the extent possible, on 27 June. The depositors are entitled to 4 million bolivares whether a bank is liquidated or rehabilitated, and there is no reason to subject them to delays of up to 30 days, which is how long it takes to make that decision. There is no reason to subject depositors to that deadline. [end recording]

Sosa has denied the wave of rumors concerning alleged crises at other banks. He said such remarks are unfounded and greatly harm the country. Sosa has urged the Venezuelan people not to spread such rumors because foreigners, willing to invest in the country, purchase Venezuelan Government and private institutions' assets when conditions are good and a good effort could be wasted.

Depositors at Intervened Banks To Be Paid

PA2106150494 Caracas Union Radio Network in Spanish 1100 GMT 21 Jun 94

[Report by Zayra Pereira from the "Union Radio News" newscast]

[Text] The General Bank Superintendency has announced that those depositors holding accounts with banks that have been intervened will be receiving reimbursements beginning 27 June.

Banks Superintendent Tesalio Cadenas said the metropolitan Caracas banks Bancor [expansion unknown] and Banco La Guaira will resume operations beginning 23 June. Both banks will begin reimbursing depositors up to 100,000 bolivares. Likewise, the banks superintendent has said the branches of both banks in the interior of the country will also begin operations on 28 June and will repay depositors by issuing checks totaling up to 100,000 bolivares from Fogade [Deposit Guarantee and Banking Protection Fund].

Concerning the payment mechanisms and wages, the banks superintendent has said:

[Begin recording] On 20 June, during sessions of the National Banking Council, I requested their support, given many people will be receiving checks, and with that check [words indistinct] as was done in the case of Banco Latino. They can then proceed to open an account. Banks operating in the financial system will be allowed to continue operations on the afternoon of 23 June within a special timetable, because 24 June is a holiday. This will allow anyone who so desires to deposit checks, to open an account, or, if they agree, to receive their funds in cash. [end recording]

The banks superintendent said that to [words indistinct] it would take some time to complete payment of the 4 million bolivares. Banks confronting the most problems are Banco Metropolitano and Banco de Maracaibo.

Roundup of Economic Developments

PA2106180594

[Editorial Report] The following is a compilation of reports on economic developments monitored through 21 June.

The Banco de Maracaibo intervention board believes it is still possible to rescue this failing financial institution. The intervention board has completed a Banco de Maracaibo rescue plan that will be presented before the Banking Superintendency—the agency responsible for making a final decision on the issue. If the intervention board's plan is accepted, Banco de Maracaibo could begin operating again some time before 29 June—the date when Fogade [Deposit Guarantee and Banking Protection Fund] is scheduled to reinstate additional losses of 7.2 billion bolivares. According to the intervention board, Banco de Maracaibo is in a position to reimburse Fogade all of the 120 billion bolivares it has received in financial assistance so far. (Caracas Union Radio Network in Spanish 2200 GMT 20 Jun 94)

The banking liquidity coefficient has fallen to 30.6 percent. The coefficient, which measures cash availability in terms of total funds deposited in banks, was 30.6 percent in May. This means that for every 100 bolivares deposited by the public, the banking system is in a position to immediately provide slightly more than 30 bolivares. (Caracas Union Radio in Spanish 1245 GMT 20 Jun 94)

According to Charles Roccia, vice president of Banco Provincial de Venezuela, a financing agreement was signed on 15 June with a syndicate of Portuguese banks headed by Banco de Fomento de Portugal. The terms of the agreement include a $20 million line of credit to be used to finance clients of Venezuelan banks who wish to import products from Portugal. Mr. Roccia pointed out that the agreement is very significant, particularly at this time, because it shows Portugal's confidence in the Venezuelan banking system. (Caracas EL GLOBO in Spanish 16 Jun 94 p 12)

In Caracas, state-owned Venezuelan Petroleum (PDVSA) has announced that Venezuela will begin selling orimulsion, boiler fuel made from heavy oil comprising 70 percent bitumen and 30 percent water, in the Chinese market as result of a recent agreement signed between the North Industries Shenzhen Corporation and PDVSA's Bitumenes del Orinoco subsidiary. The agreement includes the supply of orimulsion for an electrical plant scheduled to begin operations in 1995. The Venezuelan company will be responsible to market, sale, and supply the orimulsion, as well as providing technical assistance to the client. (Paris AFP in Spanish 2018 GMT 20 Jun 94)

Recently released figures from the Central Statistics and Data Processing Office show that imports totaled $2.649 billion in the first quarter of the year, reflecting a 31.9 percent drop from the same period in 1993. The report also shows that 46.1 percent of all imports originated in the United States; 7.1 percent from Germany; 7.0 percent from Japan; 4.6 percent from Colombia; 4.2 percent from Italy; 3.2 percent from Brazil; and 3.0 percent from France. (Caracas EL UNIVERSAL in Spanish 16 Jun 94 p 2-1)

Suriname

Military Exercise With Dutch Troops Ends

FL2106131494 Castries HTS Caribvision Television in English 1945 GMT 20 Jun 94

[Text] During the past month, Dutch Marines have undergone all kinds of training in unfamiliar terrain. The exercises that were held in the jungle of Suriname came to an end last Thursday [16 June]. The Dutch and Surinamese participants have dubbed it a success. But Marion Riedewald says the exercises were, however, not incident free as one Surinamese corporal is reported to have drowned during the training.

[Begin recording] [Riedewald] Twenty-eight year old Corporal Lief Sanchez drowned last Monday [13 June] during the transportation of food to the troops being trained in the jungle in Saramacca District. Participants observed one minute's silence in remembrance of Corporal Sanchez at a presentation of certificates last Thursday.

The training was conducted by 10 Surinamese warfare instructors, who got their training in Brazil. It was the first time in 27 years that Surinamese and Dutch soldiers trained together. The exercises are the result the renewed relationship between the Surinamese and Dutch Army after the installation of Colonel (R.T. Houre) as chief commander of the Surinamese Army. The purpose of the exercises was to get the Dutch Marines some knowledge of the Surinamese jungle. Captain Tim Van der Leyle, who was leading the Dutch group, shared his experience with us:

[Begin recording] [Van der Leyle] We had a very heavy rains, so the terrain was very difficult, and also logistic support was difficult because of the weather and the terrain. We have had several people who, because of injuries, had to go out of the terrain for a certain period, but after their recovery we put them back into training.

[Riedewald] Forty-four Dutch Marines, based in the Netherlands Antilles, took part in the exercises, which were conducted for a month in the Surinamese jungle. [end recording]

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal names and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [ ] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Central Eurasia, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735,or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.